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GENERAL CRITICIZES CHURCH PEACE GROUP ON TNF

Rotterdam NRC HANDELSBLAD in Dutch 3 Sep 81 p 7

[Article by G.C. Berkhof: "The Popularity of the IKV (Interchurch Peace Council, The Wages of Fear")]

[Text] Fear is a bad adviser, and although I am certainly no expert in this field, it seems to me that a fearful man believes rumors or arguments which under other circumstances he certainly would not consider true. This seems to me also to be part of the explanation of the rather great popularity of the IKV slogan: "Help rid the world of nuclear weapons; begin with the Netherlands."

Rid the world of nuclear weapons; would a prudent man believe this is possible? Man is smart, that is true, but he has not yet made a discovery that can undo other discoveries. The fact remains: the miserable weapon, for that is what it is, cannot be wished away, no matter how eagerly we would want that.

"Proof"

And the example of the Netherlands then? Would there be no imitators? Whoever believes that is naive. Would the United States, obviously the source of all evil, if I believe the supporters of the IKV, do that, or France, or the Soviet Union? Would Iraq, South Africa, Pakistan or Libya stop their efforts to make nuclear weapons? That cannot be made plausible, and I have not succeeded in getting a direct answer to this question from an IKV follower to this day.

Also the question of what the effect would be if Canada got rid of her nuclear tasks is not discussed. Which in practice moreover does not mean the opponent then is silent. When it is evident namely that there is no solid argument here, then a new "proof" is quickly advanced why it is necessary to free the Netherlands from nuclear weapons, even if these are, strangely enough, frequently in conflict with one another.

So, for example, it is inferred that it does not matter if the Netherlands declines the American nuclear weapons. If it comes to that point, the United States would come between both with nuclear weapons, even if other West European countries follow the example of the Netherlands. Now this argument naturally is in contrast with the ideal of saving the world from nuclear weapons. This is therefore a hypocritical argument and moreover one whose logic is far-fetched.

Naturally, it is in the American interest that Western Europe remain under the influence of the United States. But these interests are graduated and survival for one's own society appears to me in fact to be the most essential. The removal of American nuclear weapons from the Netherlands and possibly also from other countries will not enhance the preparedness to use nuclear weapons for the defense and that is not without danger. The leaders of the Soviet Union will find an important benefit here: a solid step in the weakening of the tie between the United States and Western Europe.

When the discussion gets to this point, there is fear that such objections have come from a "picture of the enemy" evoked by a "military-industrial-administrative complex." The Soviet Union will attempt nothing, or will they, even if the American nuclear weapons have disappeared from Europe. The notion "picture of the enemy" gives us little to go by, although it naturally sounds threatening. In any case, it seems to me to make little sense to deny that there exist conflicts of interest between East and West. These are based on history and are termed fundamental by Communistic leaders on ideological grounds. Thus it happens that the rigid, authoritarian method of ruling, based on military power, does not call up a "picture of a friend" in my mind. If in the black-white thinking of most IKV followers it means that I proceed from a "picture of the enemy," then I put up with that while shrugging my shoulders.

The same goes for the term "military-industrial-administrative complex." Studies from the sixties already showed that the "complex" exists only whenever one employs the definition of a group of men who are concerned with the problems of security, including political parties. Anything that appears to be a conspiracy of the group in its totality has not been discovered up to now. Therefore, one could just as well speak of "agrarian-industrial-administrative" or a "medical-financial-administrative complex" just to mention some examples, even though it must be admitted that this sounds less threatening.

Fear

Also the assertion that the Soviet Union will do nothing if the American nuclear weapons are removed from Western Europe sounds unconvincing. Naturally, it is true that this country has not engaged in military adventures in Western Europe. But is it now unreasonable to suppose that this, to a great extent, has come about from Russian fear of being involved in nuclear warfare? Is not their fear just as real as ours, and does it not have a moderating influence on a possible decision to make use of the great preponderance of armored units? For while military superiority of itself is not a reason to begin an armed conflict, it is clear that is easier for one to develop if the occasion presents itself.

What such an occasion would be is hard to say. It is certain that the West just by virtue of its life style and prosperity provokes tensions in Eastern European countries. Tensions that now and then are visible in the Soviet Union itself, although not so obviously as is now the case in Poland, for example. Moreover, it is certainly not impossible that tensions will rise even further. For in the area of consumer goods the centrally run economic system has functioned badly and there are no signs that show any change in the short term or in the continuing high priority which is given arming.

What will happen when these tensions increase and the "cordon sanitaire" threatens to break up? Will the Soviet leaders seek greater cooperation with the West? Or

will they, making use of their present military preponderance, decide to seek refuge in attack in order to get over the problems? It seems to me that to these questions as well as to the question why the Soviet Union is building up such an arsenal of weapons there is no decisive answer.

Illusions

For that matter much depends on how the West will react. It is not illogical to imagine that a reasonable unanimity and a unifying West European defense will be an important motive for Soviet leaders to solve the problems that come up in a peaceful manner.

It appears to me in every case a dangerous illusion to suppose that Western Europe would be safer if American nuclear weapons were removed. In the one example of actual use of these weapons, Japan, it was just a case of a country that had no nuclear weapons. For let us make it clear: would Hiroshima and Nagasaki have been destroyed in this manner, if Japan had had the power to be able to hit New York with nuclear weapons? That can hardly be assumed, can it?

It is understandable that many people fear nuclear weapons; they are horrible weapons, and it is self-evident that everything possible must be done to keep them from ever being used. Yet the only solution lies in a mutual reduction of arsenals. One can understand that progress in negotiating the matter is experienced by many as disappointing. This is like getting older: it sounds gloomy sometimes but there are no alternatives.

For the problems before which we stand, the IKV offers no real solution. Rather the opposite is true in this case, and if that is the result of fear, we would do better not to choose that way.

G.C. Berkhof, a brigadier general, is deputy head of operations on the staff for land forces. This article gives exclusively his own personal views.

9872

CSO: 3105/175

LABOR DELEGATE WANTS 6,000 NUCLEAR WEAPONS REMOVED

The Hague ANP NEWS BULLETIN in English 22 Sep 81 p 2

[Text] Brussels, 21 September--The Dutch Labour party's defence specialist in the second chamber, Mr Klaas de Vries, urged NATO here today to remove from its arsenal the 6,000 tactical nuclear weapons installed in Western Europe.

Speaking on the first day of a two-day American-European security conference, Mr De Vries said the weapons represented "a threat rather than a contribution" to Western security and should be removed unilaterally.

The conference, attended by U.S. and European politicians and NATO defence specialists, is being held under the auspices of the American arms control organisation. It is chaired jointly by Mr Elliot Richardson of the U.S. and former Belgian cabinet minister Henri Simonet.

The Dutch Labour MP, who is chairman of the second chamber's standing defence committee, said NATO had never succeeded in drawing up a credible and acceptable doctrine for tactical nuclear weapons.

Due to the presence of the weapons in the first lines of the West's defence, NATO would be forced to use them immediately in case of a conflict, he said.

More Credible Defence

Early crossing of the nuclear threshold would result in the nuclear destruction of large parts of Europe and might lead to an uncontrollable conflict between the Soviet Union and the United States.

Mr De Vries said it was not surprising that opposition to nuclear weapons was increasing among West Europeans. They rightly feared such weapons would be used chiefly on NATO territory, he said.

He felt there were conventional weapons and other means of defence which could make NATO's defence more credible.

Much of Mr De Vries's criticism was aimed at NATO's decision of December 1979 to modernise its nuclear weapons. He pointed out that part of this decision--the production of new nuclear arms--had been carried out at once, whereas the second part--negotiations with the Soviet Union--had been delayed now for two years.

He called for postponement of the deployment plans for at least two years during which the decision could be reviewed.

Strategic Relations

The Dutch MP further felt that strategic relations had changed considerably since 1979. He pointed to the U.S. senate decision not to approve the SALT treaty and the recent American decision to deploy 3,000 cruise missiles at sea.

He criticised the U.S. for viewing all world events in the light of an east-west conflict and said Washington's 'unilateral' emphasis on the importance of military might in influencing international developments was not without danger.

Mr De Vries said that although Europeans attached great importance to military defence, they also realised that in the long term peace and security could be safe-guarded only by a much broader political approach. East-West cooperation in the economic and cultural fields and joint consultations on the norms which should be set for such relations could eventually make the military confrontation less threatening, he said.

CSO: 3120/5

INCREASE IN NUMBER OF NEONAZI GROUPS EXAMINED

Zurich DIE WELTWOCHE in German 16 Sep 81 p7

[Article by Peter Hartmeier: "Waiting For Their Hour To Strike"]

[Text] Long ridiculed as a political scatterbrain, he is now under indictment for murder: That is the story of Karl-Heinz Hoffmann (head of the since outlawed "combat sports group"). It offers a fine example of how to misinterpret political danger signs. Hoffmann may still be Germany's "best known" neo-Nazi but he is by no means the only one.

Group mythology occupied a decisive role in the thinking of the chief of the officially outlawed "combat sports group Hoffmann" who last week stood accused of having committed a double murder. In 1973, Karl-Heinz Hoffmann, a graphic artist by profession, founded a para-military volunteers' organization along the lines of an authoritarian Fuehrer structure. This organization, stationed in the vicinity of Nuremberg, boasted some 600 members and by and large engaged in conspiratorial activities. Hoffmann, bearded and armed, who frequently appeared in public in martial attire, accompanied by vicious German shepherd dogs, may well be the best known rightwing extremist in the FRG. In addition to leading his own group, he maintained mysterious connections to fellow extremists in Europe and to the Near East; his name also cropped up in connection with the recruitment of Rhodesian mercenaries.

Hoffmann, who is accused of having murdered 69 year-old Jewish publisher Levin and his common-law wife Frida Poeschke, represents a classic case of how to underrate the danger posed by a rightwing extremist and his followers. The fact that the public appearances of his group took on the air of a carnival and that the propaganda he put out in his broadsheet KOMMANDO consisted of primitive slogans may have had something to do with his not being taken to task for so long. It was not until 31 January 1980 that 500 policemen conducted a search of Hoffmann's castle which unearthed a veritable arsenal of new and used weapons, camouflage outfits, steel helmets, Nazi insignia— including a 20mm anti-aircraft gun and a surplus 12-ton armored personnel carrier. Up to that time, an increasing number of mostly young people had taken part in Hoffmann's "training exercises." At that juncture, things really began to turn around. It was not too surprising for older, unreconstructed Germans to join

together in rightwing extremist groups dedicated to tasteless, cynical nostalgia; but the increasing number of young people joining rightwing extremist groups is cause for concern. There are groups with oddly familiar names like "National Democrats," "National Socialists," "Association of Patriotic Youth," "Viking Youth" or "Young National Democrats" that offer an (emotional) home to some of the young people which they miss somehow.

Most of these young Germans who were born in the early sixties are now looking for a simple, clear ideal in a complex world full of insecurity and growing political polarization. The leftwing extremists were joined by young intellectuals and supported by them at least in the early stages; the neo-Nazis, for their part, are drawing on young people from the lower middle class. As a rule, rightwing extremist organizations cannot hold on to young people with the help of political slogans but with feeling and spirit and with camaraderie and adventure. Open-air gatherings, tent camps and practical ways of helping each other constitute a contrast to the bureaucratized world of their parents which these young people would like to escape. But above all, these groups, all of which are organized along authoritarian lines and seem to offer a set of clear norms, take on the trappings of a "secret brotherhood" that claims to have solutions for personal problems, too. But the truth is that the young person must relinquish his individuality and subordinate himself. All of a sudden, he is confronted with a radical alternative that speaks of obedience and diligence and order and cleanliness and that knows where the root of all evil in the world lies ("the Jews, the Communists, the U.S. capitalists")— in a world plagued by growing criminality and suicidal drug abuse.

Trail Leads to Switzerland

Hoffmann's group and his ideological activities have turned him into the most conspicuous of the rightwing radicals. When a bomb exploded at the Munich Oktoberfest on 26 September 1980, killing 13 and injuring more than 200, the Hoffmann group was in the news once again. The presumed assailant, who himself was killed in the blast, had twice participated in the group's exercises. In 1977, there were 616 riots involving rightwing extremists; by 1980, their number had increased to 1500. Most of them were directly or indirectly instigated by the "combat sports group Hoffmann." At the same time, Hoffmann has also been putting in international appearances. His men have held training exercises in the Pyrenees and have invited Italian sympathizers to take part in their exercises. And there is reason to believe that some of Hoffmann's men received training in certain military camps in Lebanon.

Thus far, groups such as these are not much more than collections of cranks even in terms of their numbers— there are a few dozen or at most a few hundred members. But the latest report on protecting the constitution, issued by Bonn interior minister Baum last month says that there is an "increased readiness on the part of rightwing extremists to use force and a growth in the membership figures of organizations of the far right."

And another thing: "We stand to gain from a polarization within this system." This quote is contained in a study on rightwing extremism among young people and once more offers proof positive for the thesis that extremist ideologies have a tendency to feed on each other. But above all, the rightwing extremists know that large sections of the population back them up on certain issues and proceed to stoke up these passions accordingly. A controversial study conducted by Sinus Institute in Munich found that 37 percent of the population was "inclined toward authoritarianism."

Switzerland, too, has been touched by this flare-up of neo-Nazi terrorism. On 24 December 1980, a customs official and a policeman were shot and killed by rightwing extremist Frank Schubert on the Swiss border. Until today, there is a suspicion that cannot be verified that the killer who later committed suicide had connections to arms dealers in Switzerland.

9478

CSO: 3103/6

STRATEGY, TACTICS OF RED ARMY FACTION VIEWED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 17 Sep 81 p 3

[Article by Guenter Bannas: "A New Offensive of the 'Red Army Faction'?"]

[Text] The latest attacks on the American Air Force Headquarters in Europe in Ramstein on 31 August, on the office of the Hessian SPD in Frankfurt just a day later, and now on the commander-in-chief of the American Army in Europe, General Kroesen, in Heidelberg confirm the suspicions and reports that the security police have been gathering for a year. At the same time, the attacks give information about the goals and the strategy the "Red Army Faction" (RAF) is following. The security authorities do not doubt their participation in the latest attacks, including the attempted murder of General Kroesen. The attacks also indicate the "RAF's operational area": The Rhein-Main area with a concentration in Frankfurt as well as the northern part of Baden-Wuerttemberg.

The attack in Ramstein is thought to be the first one that the narrow circle of the "RAF" has carried out on German soil since the murder of Schleyer in the fall of 1977. To be sure, it is thought to have participated in the attempted murder on 25 June 1979 in Brussels of the Supreme Commander of NATO, the present American Secretary of State, Haig. In the Federal Republic, however, the constitutional protection reports of 1979 and 1980 record no "RAF" attacks. The recent intensification of its "struggle," which is directly mainly against American establishments, was already foreshadowed last year. In the Constitutional Protection Office, one spoke of a "clearly more offensive course than in previous years."

There has been a shift in the RAF's targets. While after 1977, American establishments were the first targets--the struggle against "U.S. imperialism" is of course still important to the "RAF"--the terrorists later were attracted to German establishments as well, particularly those of the SPD, whose politicians are regarded as the most important helpers of "imperialism" in Europe. Schmidt, Wischniewski, Ehmke, and the minister in the Foreign Office, Corterier, were named in a "strategy paper" of the "RAF" that was found last fall in Heidelberg. The attack on the SPD office in Frankfurt is considered to be a sign of this new orientation. It is at the same time an example of the cooperation of the close nucleus of the "RAF"--which is designated as the "illegal" part of the "RAF"--with the wider circle of the "legal" area of the "RAF," whose approximately 150 members come from the former "Antifa" groups ("Antifa" for "antifacism"). In them, it is reported, there is no increase to be noted, just as little as in the "illegal area" of the "RAF" members who have gone underground, to which about 15 to 20 persons are supposed to belong: This circle exceeds those for whom arrest warrants have long been in effect.

The "letter of confession" sent to a Frankfurt daily newspaper, taking credit for the attack on Kroesen, fits the series of writings in Ramstein and Frankfurt. It emphasizes Kroesen's role in American defense policy in Europe. "He is one of the U.S. generals who actually have the imperialistic policy in Western Europe in their hands all the way to the Gulf, because he decides the means of confrontation." The letter was posted in Aschaffenburg 4 and 1/2 hours after the attack, and is considered to be genuine, although it does not contain any of the evidence otherwise usually found. The senders, who admitted belonging to the "RAF," and who call themselves the "Gudrun Ensslin Command," also justify the attack by saying that the "FRG left" has been held for years in the Heidelberg Headquarters." As in the other letters, the senders see themselves involved in the "struggle against the imperialism" of the United States against a "revolutionary movement" in the countries of the Third World and in Western Europe.

The Frankfurt attack is ascribed to the "legal" section of the "RAF." As it says in a letter of confession that is signed, "solidarity with the RAF," these groups insist they did it. The greatest importance is given to them in the terrorists' section of the constitutional protection report. Admittedly, the differences between the part of the "RAF" that lives underground and those who think of themselves as the "legal part" are vague. Thus they are also seen as the "recruiting basis" of the "RAF." According to the constitutional protection report, all those who were placed in the "commands" in recent years came from the "legal level." According to this information, they attune their essential statements to the nucleus of the "RAF" and support it with writings, demonstrations, and press conferences. Furthermore, so the report says, they coordinate visits to prisoners and carry a part of the communications of imprisoned terrorists. Operations involving disturbance and squatting that they initiate also serve the goal of recruiting for the part of the "RAF" that operates underground and of finding new adherents to the extreme "left."

They tried to achieve this last spring--with moderate success--by penetrating the squatter scene. In their "letter of confession" to the attack in Frankfurt they claimed as justification, above all, the rearmament decision of NATO as well as the decision of the American government to produce the neutron bomb, and the support of it by the Federal Republic. In this, they see the SPD as their real opponent. "When the SPD now wants to present itself as a peace party, then it is clear: They mean the peace of the rulers, peace for U.S. imperialism." They reject the attempt of the Social Democrats to initiate a discussion with the young protestors, saying it is "an instrument in their war" by which the Social Democrats only want to win time. They say this shows "what they fear: That the struggles will no longer take place in the areas controlled by the SPD, but will lead to armed RAF combat against U.S. imperialism." They claim that the Americans "are sending the same anti-guerrilla units against us as they send against the Third World." The "illegal" section of the "RAF" also bases its attacks against American establishments on the rejection of the NATO decision and of the neutron bomb. In a so-called command report on the attack on the Air Force base in Ramstein, the signers also turn against the peace movement. "Against all resigned fantasies of escape from the atomic inferno and the complementary helpless pacifistic wishes we say that this monster ("U.S. imperialism" is meant) must be conquered if we are to bring the resistance to the acuteness of the real situation there in the center." This letter of 31 August also made clear that the "RAF" no longer intends to limit itself to attacks "against things." In the heading of this "command report," "the strategists of the American military machine" are also expressly named as targets of the attack, together with the physical establishments. The attempt to murder Kroesen seems to be only one of the first steps in this plan.

GOVERNMENT PLANS RISE IN NATURAL GAS PRICE

The Hague ANP NEWS BULLETIN in English 19 Sep 81 p 1

[Text] The Hague, 18 September--Economics Minister Jan Terlouw said today he would defend in the cabinet a rise of seven guilder cents in the price of natural gas per cubic metre as from 1 January.

He said the price could be raised further if necessary on July 1, by say three cents. The 1982 budget, as presented by the previous government this week, is based on a 10-cent increase in the gas price on January 1. All prices exclude 18% value added tax.

Mr Terlouw made his remarks to journalists after a meeting with the association of Dutch gas companies (Vegin) which has been holding out for an increase of seven cents for the whole of 1982.

Economics ministry officials said that every cent less would cost the state 150 million guilders in revenues a year.

Gasunie Comment

The Gasunie, distributor of Dutch natural gas, which has been pressing for a 10 cent increase on January 1, today regretted Mr Terlouw's stand.

A spokesman said a 10-cent rise which would raise the price to 55.3 cents per cubic metre, including VAT, was low as it was when compared with prices in neighbouring countries.

Former Economics Minister Gijs van Aardeene said in a radio interview today the price should be raised by at least 10 cents by the end of 1982.

Failing this industry would pay more than small consumers while Holland's foreign buyers of gas would break up the accords reached during the so-called Spierenburg negotiations which resulted in higher gas export earnings.

CSO: 3120/6

SUCSESSES, PROBLEMS OF EUROPEAN MONETARY SYSTEMS

Zurich NEUE ZUERCHER ZEITUNG in German 11 Sep 81 p 15

[Reporting from Brussels, the author finds "The European Monetary System Stagnating, Due To the Fact that Member Countries Lack Incentives To Coordinate Their Policies."]

[Text] The second "birthday" of the European Monetary System (EMS) was celebrated in silence on 13 March 1981. This was entirely appropriate in view of the fact that the transition to the so-called institutional phase planned for the same date has been postponed indefinitely. It thus comes as a surprise to no one that for the last six months this subject has not even appeared on the agenda of the EEC. On the other hand the EEC Commission has repeatedly emphasized the relative success of the European foreign exchange union although the test of its effectiveness would seem yet to come.

Few "Realignments"

The political decision in favor of the introduction of the EMS was made by the heads of government of the then community of nine at a moment when the economic outlook was not unfavorable. The facts were running in the right direction. The EEC countries participating in the EMS quickly achieved agreement in important areas such as inflation rate and balance of payments. But there were many reputable voices, especially in the FRG, which warned against a system of fixed rates in which they saw little more than a dangerous inflation machine. This circle also prophesied not too long a life span for the EMS.

The optimists may, however, prove right, at least as far as the life span is concerned. External monetary stability has been successfully maintained to this day, the rates of the participating currencies, all EEC countries except Great Britain and Greece, have been more stable than before the introduction of the EMS. Since its inception there have been only three exchange rate adjustments, the first in September 1979 (revaluation of the German mark by 5 percent against the Danish crown and by 2 percent against the other partner currencies), the second in November 1979 (devaluation of the Danish crown by 4.76 percent against the other participating currencies) and the third in March 1981, when the Italian lira was devalued by 6 percent against the partner currencies.

Success Difficult to Evaluate

If, as the EEC Commission often does, one were to measure the success of the EMS on the basis of exchange rate stability, it would be altogether possible to speak of a

system which has "proven" itself. This criterion of success is, however, questionable if not, in fact, false. The EMS must be measured on the basis of its envisaged goals, among which increased monetary stability in Europe, stronger economic growth, and the elimination of unemployment stand out. The promoters of the foreign exchange union were also persuaded that there would be significant positive effects on efforts toward political union.

If one takes these areas as criteria the success of the EMS is anything but certain. On the other hand, it would be false to maintain that the system is a clear failure because the economic development of the EEC countries since 1980 has been divergent. It would be necessary first to establish that they would have done better with flexible exchange rates. Nevertheless leading officials of the EEC Commission acknowledge that the fixed rate system has not produced the hoped-for coordination of the domestic economies of the EEC countries. In this connection they are quick to point to exogenous factors, especially the second oil price shock. Due to the concurrently soaring dollar they say this has led to still greater adjustment problems than the first massive oil price hikes in the early seventies. In view of the unequal capacities for adjustment within the EEC, provision for such shocks could not be made in the EMS.

There is nevertheless a very simple explanation for the relative stability of the exchange rate. The strength of the dollar (or the weakness of the mark) prevented greater fluctuation because the weaker currencies in the EMS have a tendency to move in the same direction as the dollar. Monetary specialists in Brussels attribute great importance to this "favorable" circumstance on the grounds that, if one were concerned solely with the different rates of inflation in the EEC countries, it would have been necessary to undertake more and stronger rate adjustments in accordance with the theory of parity of purchasing power.

Weak Capacity for Exerting Pressure

The EMS was not created for its own sake but was supposed to exert pressure on the stabilization policy of the participating countries. This is also one of the reasons countries such as Belgium and France have submitted to a like discipline. The Eurocrats, however, emphasize very soberly that revaluation and devaluation no longer suffice as the only instrument. Incidentally they carry this "thesis" forward as a decisive argument against flexible exchange rates and in doing so refer to British conditions. Adjustments in the rate would no longer set in motion quasi-automatic mechanisms for a balanced economic development. Changes in the exchange rate would be credible only if the necessary domestic economic program were carried out at the same time.

For example, a devaluation in Belgium unaccompanied by "flanking" measures would presumably lead in the end to stronger domestic inflationary pressures because the price mechanism functions only imperfectly and the improved chances in the export market would again be destroyed. Certain governments would be too weak to avoid such dilemmas. It is true that the EEC Commission is trying to render protective assistance to such countries with economic policy papers and recommendations. Recently, for example, it warned decisively against all too rigid indexing systems and presented proposals for dealing with crises to two member countries, Belgium and Italy. The Brussels officials can do no more in the face of the present power constellation.

The whole question is also visible in the Council of Economic and Finance Ministers in which the national policies for stabilization and structure should be discussed and coordinated. For the time being there is agreement on the diagnosis and the proposed therapy, but at least some governments have too little authority "in their own house" to carry out the therapy. Thus, for example, lack of understanding between government and social partners in Italy rendered a relaxation of the fixed indexing system impossible.

Divergent Domestic Economic Strategies

The EMS can only function in the long run if the large countries follow an agreed and consistent economic policy. This means especially Germany and France. Although Schmidt and Giscard d'Estaing were more or less in agreement on the path to follow for dealing with economic crises, this agreement has cooled markedly since Mitterand moved into the Elysee. It is true that cooperation on monetary policy continued even after the transfer of power in Paris, but in domestic economic initiatives for the restoration of stability considerable differences have appeared. While Bonn seeks recovery by a budgetary policy which tends to be rather restrictive and a package of demand-oriented measures, Paris is attempting to achieve a revival of the economy by means of an expansive fiscal policy.

Furthermore a change in the list of priorities in terms of goals has appeared in France. Attention is focussed overwhelmingly on employment; the fight against inflation takes only second place. These divergent concepts could bring the EMS into a fundamentally dangerous situation if the French experiment leads to neglect of monetary discipline.

Waiting for Great Britain

Bonn's "mistrust" of the new French economic policy is one of the reasons that, despite the relative success of the EMS up to now, the second phase--creation of a European monetary fund and strengthening the role of the European currency unit (ECU) as a reserve medium or even as a monetary unit--it not at the moment a serious subject of debate. Commission circles emphasize further that economic data collection procedures of the EEC countries differ too widely. Great Britain's decision to keep its distance is given as a third reason. As long as London remains inactive in the exchange rate union, its further development is probably unrealistic. Therefore the Commission president, Thorn, emphasizes at every opportunity the necessity of early British membership. Even in London itself such voices are being heard. The Thatcher government has remained "hard" up to now, above all be it noted, because it fears for its monetary-political autonomy.

The initial euphoria over the EMS has evaporated. Now a prolonged phase of reflection over the advantages and disadvantages has begun. The vitally important transition into the second phase will probably still be a long time in coming. It is possible that the EMS will even remain in a provisional status. In any case evidence of its effectiveness as a promoter of integration has not been forthcoming.

FINANCIAL COLLAPSE THREATENS EUROPEAN COMMUNITY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 18 Sep 81 p 3

[Article by Heinz Stadlmann: "Is the European Community Threatened With Collapse"]

[Text] Brussels, 17 September--This Friday a special session of the federal cabinet will discuss the future European policy and establish the direction which is to be followed for the negotiations that have just begun in Brussels and which concern the future financing of the community and its general policies. Because of the many problems it is facing in its own country, the desolate situation of the European Community has in recent months been pushed into the background. To be sure, for some time Europe has been an unpleasant topic and the source of many disappointments and anxieties, but now time has again arrived where one cannot be sure any longer whether all the unexpressed inner conflicts may not put an end to the enterprise after all.

In essence, the problem is money. Since Great Britain's announcement in 1979 that it was no longer willing to contribute billions to finance the Community--which was followed by tough debates that lasted for months, at the end of which Great Britain was granted a substantial reduction for a 2-year period--the question of finances has been a constant topic. The RFG, which had to assume the main burden of the English reduction in contributions and, as a consequence, had to increase its share for the Brussels treasury, no longer wants to be the only one who is expected to pay unlimited amounts. Anyway, the time had come to an end when it was more or less willing to take over the role of the bursar for the European Community. Growing concern about the budget and balance of payments no longer permitted the generosity that had always been expected of the FRG--the strongest economic power in the European Community.

As a result, the EC Commission was asked by heads of government, acting, above all, on an urgent request by the Federal Government, to make suggestions for a reform of expenditures and a permanent solution to the British contribution problem. To be sure, the commission took 13 months, but it came up with a reply that went far beyond the problem of finances. Under Thorn, the new president, all the policies of the Community were debated and directions were established. Whatever the assessment is of this kind of dealing with the request, it is almost impossible to make a quick decision in view of the wide application. On the other hand, by the end of this year the financing for 1982 is to be settled, because by that time the reduction for Great Britain is to come to an end, at least for the time being. Although extending this ruling for another year has been contemplated, the Federal Government has already served notice that it will not help out again and pay the same amount for Great Britain.

Discussions of the commission proposals began last week. Present were the permanent representatives of the member countries. Already at the beginning it became evident that the participants had very different ideas. France's representatives are only talking about the new policy that is necessary. What they mean is more EC social policies, more industrial policies, but nothing was said about economizing. Italy is doing the same thing and, in addition, it wants more support for its agriculture. The Danes who feel that they should be consulted more frequently because of the advantages they derive from Brussels agriculture appropriations, were defending the existing system. The FRG and Great Britain were practically the only ones placing priority on economizing.

Not Only Burdens but Also Advantages

The explosiveness hidden behind this dispute has probably not yet been fully recognized. Even if one assumes that everybody is first of all establishing his own position when it comes to negotiations and therefore starts with maximal expectations, it is, however, already apparent where the unbridgeable differences are. Real deep cuts in the joint agrarian policy, which consumes about two-thirds of the EC/budget, will probably not be accepted by the new French government either. A few corrections, yes, but no changes in the fundamental principles. Therefore, where are these big cuts to be made to provide funds for other programs? There is no longer any hope that revenues will increase, because the amount of the value-added tax that is channeled to Brussels will reach the 1-percent limit already next year. It is not difficult to predict that attacks against this 1-percent limit will begin at that time. But so far Bonn and London have been determined not to give in. Is there a danger after all of a financial collapse of the Community?

The news from Bonn is that the Federal Government wants to preserve and expand the European Community. It wants to support new initiatives, and Foreign Minister Genscher is urging a plan for a European Union which is also under discussion by the special cabinet session. In spite of many doubts in London's orientation toward Europe, the government wants to keep Great Britain in the European Community and simultaneously cultivate the special relationship with France. But it does not want to spend additional money for all these things. With respect to the financial aspect, a hard line is clearly recognizable: No increase in the 1-percent limit when it comes to value-added taxes destined for Brussels and putting a ceiling on German payments to Brussels. Opinions still differ on how this ceiling is to be established from the technical point of view. The decisive factor is that Bonn wants the establishment of a limit.

It is quite certain that this attitude will meet with considerable approval. In the meantime, displeasure with Europe has spread extensively throughout the FRG, and because the Germans have financial difficulties themselves, there is almost no other choice. Nevertheless, wherever the aversion is more or less of an emotional nature, one should remember the realities: Almost 50 percent of West German exports are destined for countries of the European Community. Nobody can be sure that it will remain the same if the Community should collapse and if everybody would attempt to save himself. All indications are that at such a time import barriers would be established quickly.

The Community is also the platform which to date has been used successfully to maintain extensive free trade with international organizations. It is doubtful whether the FRG, which is always the precursor with respect to this policy, will be able to do it all alone. Has anybody tried to figure out how this might affect our balance-of-payments deficit? The question does present itself, because the FRG Ministry of Finance in Bonn has announced that current payments to the European Community represent one-fourth of our balance-of-payments deficit. Consequently, we are not doing ourselves any favors when we only talk about the burdens without once mentioning the advantages.

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CS0: 3103/445

VAN MIERT ON BUDGET, TAX, ECONOMIC PROBLEMS

Brussels KNACK in Dutch 9 Sep 81 pp 20-23

[Interview with Karel van Miert, president of the SP, by Johan Struye: "'I Have No Taboos' -- Karel van Miert at the Beginning of a Political Year"; date and place of interview not given]

[Text] Times are difficult for social democracy. At least as difficult as for other parties which also have one leg rooted in the system's gains, but with the other want to go forward with good intentions. These days, all established parties are brooding over their contradictions.

The Flemish socialists have swallowed the idea of income reduction, and they are now frankly playing along on a playing-field chosen by the adversary. The rebound produces nervous behavior in their own ranks, because the SP [Socialist Party - Flemish] demands that the partner follow the rules of the game with a certain coherence. But maybe this was not the intention. Last week, in a review of his activities during the summer, PSC [Christian Social Party] Minister of Foreign Affairs Nothomb once again referred to the missiles in a manner which was not immediately congenial to the SP. Next to education, this is one of those game techniques with which it is easy to rub the Flemish socialists the wrong way and drive them off the field. Yet, in the following interview, Karel van Miert showed himself willing to talk about everything that has anything to do with the idea of income reduction. About everything and with everybody, but then without daggers under the table.

Question: Socialist existence is a mixture of ideology and apparatus. Doesn't the feeling sometimes come over you that you are thereby losing your roots in society, that the times are very alarming? That they are such that you cannot find a convincing answer?

Karel van Miert: The reactions in society are indeed very contradictory. Raising alarms is in full swing now, but that does not alter the fact that what has been accomplished during the last few decades in our countries in Western Europe, is fantastic. After all, aside from Kuwait and the Emirates -- who, for obvious reasons, are exceptions --, we enjoy, together with a few other countries, the highest standard of living in the world. This does not prevent us from seeing

clearly that our system has gotten out of hand. Briefly, I see three elements. Those things which were achieved with good social intentions have gradually grown into an acquired and unquestionable right. We have only to think about the high pensions in government service. A second fact is that, in exchange for those acquired rights, people no longer feel a sense of responsibility to the same extent. Everybody now thinks that the system has become crooked, but then because of the /others/ [in italics]. Everybody has an excuse ready to defraud the state or to abuse. Aside from active tax fraud, there is also /social/ [in italics] fraud. The third evil is the fact that the system of our welfare state is an abstract system. It is a complicated entity, with hundreds of thousands of people who pay contributions and hundreds of thousands of people who benefit, with tens of thousands of people in the middle who keep the whole thing going, but which as a system does not have any impact on individual desires. And yet I did profit from the results of an opinion poll conducted by HET LAATSTE NIEUWS among the youth. If they could keep only 2 out of 10 institutions, 85 percent of them would choose social security and education. Army, police, church and parliament were way back. How did the system get out of hand? You can see it happening every day. Those who become unemployed at 40 percent of their salary soon discover that they would be better off sick. The institutions cooperate in this; the doctors cooperate no less. If there is any doubt whether someone is entitled to his unemployment benefit, then he simply goes to another union. We know all of this, and yet we feel that the system should continue to exist. This is why the need to orient the welfare state back toward its real goals is expressed so loudly today, at least among us. But that is where the shoe begins to pinch among the various interest groups. As far as the Federation of Large Families is concerned, family allowances are not debatable; for the union it is indexing, for the doctors something else, you name it. When the public hears that social security or unemployment have become prohibitive, they look toward the unions. They forget that the enterprises themselves participate more than a little in the organization of the social fraud. The amount of manipulation of the system of temporary unemployment, which costs society billions of francs, boggles the mind.

Question: Didn't the discussion on this start too late among the progressives, the social democrats and the Christian democrats, because this evil was a theme of the right? Automatic indexing still appears to be taboo.

Van Miert: When so many things have to be looked at again, including in our foreign policy, then it is wrong to work with /taboos/ [in italics]. I try not to do that. But it does not make sense to talk about renewal /here/ [in italics], but not /there/ [in italics]. To focus the debate solely on indexing, is very one-sided. It is wrong to work with taboos and with simplistic formulas. Public opinion is unduly influenced by them though. However, after 2 years of Thatcher you can see what a catastrophe simplistic concepts can produce. In our country, the budget is the problem of the day. I am not saying that the government has produced a masterpiece; I am only saying that the criticism is rather contradictory and divergent. Indeed, the budget is being attacked from so many sides at once, that the only thing that is clear is that nobody has an alternative to offer.

Question: There is the hallucinating figure of 864,000 workers who are at this moment working in government service in Belgium. No international expert whatever would need to hear any other figure to realize how sick we are. Of course, this includes the people working for the RTT [Telegraph and Telephone Administration], the Railroad and the municipal enterprises, who are simply creating economic excess

value, but there is never a natural relationship when nearly 1 person out of 3 is a civil servant in a country with a free market economy.

Van Miert: In this respect, I share the concern of PSC Minister Maystadt. However, it is not a solution simply to remove a bunch of civil servants from the payroll. Not only does that leave you with those functions which still have to be performed, but the next day you find those people unemployed. There you have to pay them too. What a goodly number of civil servants tend to forget, I am sad to say, is not only that they are being paid by the community, but also that they are being paid to serve that community. All those unfriendly civil servants behind the counters, about whom the public likes to complain so much, are people who inflict a loss on the communal idea, to which specifically they owe their existence. As in the social and economic field, nothing can be reformed in the administrative field by simplistic concepts. There are situations which developed over time, which made good sense once but have become routine today. Instead of the official reflex that you are here for the rest of your life, I am with Maystadt in his aspiration for greater mobility for the civil service. In this regard, we are stuck with a corps of civil servants who have been impermeated with the yeast of party politics. Where do you start? Eliminate political interventions and they will rear their heads via the union or via other organizations. However, this fact should not meanwhile prevent hiring and promotion from being much more objective, in order to eliminate arbitrariness as much as possible. We have been asking for years for the introduction of political leave for people in government service; that would already clear up many things.

Question: It appears that for the Flemish socialists the index is becoming debatable; however, this is much less so for Spitaels. The left seems to have a harder time sticking to a single recipe than the right. Isn't it a handicap for the Belgian progressives that they are now faced primarily with problems of national dimensions, which they have to tackle with two socialisms?

Van Miert: We have had the savings of the Martens IV administration. Then there was */Maribel/* [in italics] with the shifting of part of the social security costs of the enterprises to consumption, via indirect taxation. Soon we will feel the effects of the measures of the 1982 budget. We cannot once again, through a manipulation of indexing, dip into the pockets of those in the 50,000 to 60,000 francs per month bracket, who have already been heavily called on. The same objection applies to the system of taxation; now the PSC has come up with a completely different concept. It is wrong for us to be heading into a different direction virtually every year. The administration can no longer follow; what about the public then?

Furthermore, it is too easy to state that for so many years we have wasted our time with the community question. Not only was the community fact a political issue, a few years ago it was even the dominant issue. Regionalization was not the priority of the French speaking socialists alone; the PSC and the PRL [Party of Liberty and Walloon Reform] were no less involved. It would not make any sense now to pretend that this compulsion did not exist, or to put this dimension aside. There is nothing which is not colored by the community issue, not even the aircraft industry. In Wallonia, they made efforts in this sector; that was intelligent. And it is intelligent of them to continue with this, but they don't need to claim that all their efforts would be thrown off course if we were to try something else. If efforts in the aircraft industry are directed toward the future, then it is the duty

of the business world and of the authorities in the Flanders to grasp that opportunity. This does not have to turn out to the disadvantage of Wallonia at all. We are simply stuck with it; the community dimension is a difficulty which is added on top of all our other problems.

Union and Party

Question: Isn't Karel van Miert brooding alone too much? Didn't the splitting up of Belgian socialism fatally narrow the circle of experts surrounding him, so that the question might be asked as to what the operational possibilities of the SP are? On 1 May something was said about a Labor Plan, but then nothing more. Isn't your party's action too lacking in mass to be taken seriously?

Van Miert: That division touches everyone; we experienced that once again before the summer, with the steel question. The Christian democrats on both sides of the linguistic boundary did not have any fewer differences of opinion than the liberals, or than the socialists. The community dimension achieved its full impact at the economic level. You cannot by agreement simply put it aside, and then talk together about the rest. /Because there is no longer any rest/ [in italics]. How can we talk together in Belgium about the revival of or the support for industry, when as far as the Walloons are concerned steel is the only priority. Whoever they may be, that is what they want to put all their efforts in. You cannot even talk about measures relating to family allowances, without becoming aware of the fact that even the types of family are different between North and South. If you were to eliminate the allowance for the first child, then you would primarily hit Walloon families. This burden naturally weakens the thrust of any Belgian policy considerably, but this should be accepted as a fact. The Labor Plan was the result of broad lines of force which were developing among us. One of the starting points was that some resources had to be transferred from consumption to the enterprises, let us say to investments. This is naturally an admirable principle, but how do you implement something like that? We debated about this within the party, and then we threw a plan, which was not completed, on the market for discussion. It was discovered that we will have to get by with less, that some resources will have to be redirected to produce a revival. This is the first step in thinking about a large number of other matters. In the same spirit, the Frank Van Acker study group came up with a plan for the reform of social security. I don't need to point out that opinions are rather strongly divergent; this is no doubt also true of union and party. These are things which are incubating within our ranks and which we want to tackle very thoroughly, but a certain caution is called for. As a political family you can create expectations too rapidly which cannot be realized in the immediate future.

Question: The lack of scientific backbone in the political parties inevitably colors the work of the administration. It seems as if, for a few years now, Belgian administrations have been setting new records for the contradictory consequences of their measures. On the automobile market, the consequences of the increase in the gasoline price are being felt now. The oil producing countries and the multinationals are good for the debt, but the state is collecting excise taxes. The BTW [Value-added Tax] on the sale of gold does not produce a penny to speak of for the treasury, but with the other hand the state will henceforth have to support a few additional hundreds of unemployed. A sector is going to pieces, period. By introducing broadcast advertising, they are unconsciously running the risk of partially dislocating the printing sector. For a whole year, your SP has bombarded

public opinion with issues, such as taxation of the profits of intermunicipal organizations, high pensions, defense and other details, which together do not add up. One of the consequences of regional planning is the crazy increase in the value of real estate for construction. The real estate adjustment is causing a massive exodus from villas. And thus the construction sector is breathing its last gasp. Now we are also getting a tax on evidence of wealth. Couldn't someone in your party figure out for once that you can make billions from a 1 franc tax on a glass of beer, but not from a 10,000 franc tax on a riding-horse?

Van Miert: If you try to present a politically coherent attitude, then you cannot fail to consider some things. Some people tell me that it is not serious to take aim at the high salaries of the commissioners of the European Community when we are talking about the need for moderation. It goes without saying that you cannot straighten out the budget by taking a spectacular sum every month away from a dozen conspicuous incomes. However, you have to see this in an ethical dimension. Together with others, we as socialists argue that certain social gains can no longer be maintained, that income reduction */must/* [in italics] take place. But sometimes it seems as if for the others, this view remains rather abstract, and especially that it should never touch their own gains. We want to do it, but in a coherent manner. Given certain existing privileges, you cannot ask the bulk of the population for moderation. Someone like the French Minister of Foreign Affairs Claude Cheysson now receives more than his country's president. Anyone who leaves the Commission, even for another top job, will be paid the difference in salary for another 3 years. Cheysson is even good for a few years of supplementary family allowance from the Community. I am quite willing to go and tell the people that I am sorry, that efforts must be required, but then an effort must */also/* [in italics] be made by those who are forever giving us wise advice in this sense.

The same applies to high pensions. A year and a half ago, we demanded a 2 percent contribution for social security from all those who enjoyed a pension higher than 22,000 francs per month. At that level, this was a serious effort. It could be defended, because those people enjoy a fair number of exemptions. At the same time, however, there were people, who had reaped the benefits of a stable job their whole life long, and who now claimed pension amounts far greater than 100,000 francs per month. They agitated for this for 3 years. If this is the way it is, then nothing can be done. You heard nothing but talk about savings, but when we did something about it, then they reared up. You could have it included as often as you wished in the government agreement, but every time a pretext was found */not/* [in italics] to implement the royal decree. And yet, the public has the right to expect that you will prove that you mean it, when you expect them to respond favorably to a request for an effort. As far as the European Commission is concerned, we saw it being much less courageous itself when it had to take action against the demands of its own officials. For us, this lack of coherence between the behavior of the heads of institutions themselves and what they think they can present to the public at large, is an important element of all political recovery. This has to be laid bare.

Question: To take the money from where it is has always been a socialist theme. Because the state was not equipped to act against the really wealthy, in the past this has always meant an increase in taxation for those whom the government could openly see earning their money. With the latest measures it has now come to the point where 50 percent of the union members are now looking at a 50 percent fiscal and parafiscal taxation. After a few years, a family of teachers, where both

spouses work, will have to declare 1 million francs in taxable income. This historic turning point can be felt in the nervous behavior of the unions. Anti-taxation as a political reflex is no longer the monopoly of the self-employed and of the persons of independent means, but has shifted to the natural reservoir of the left. Is it because the SP has swallowed the idea of reduced income out of an excessive sense of public responsibility, that as a party it is now coming out so aggressively with irrelevant nearly leftist details? Because of the ethical coherence in the management of the crisis? The others, who have allowed the situation to drift into a crisis, have less difficulty with this.

Van Miert: With those points, we wanted to show the gap between what those others often abstractly present, but are so little willing to do anything about concretely. Long before Willy De Clercq and Jean Gol, I openly stated that I don't need any family allowance on top of my salary. It is said that the liberals are in favor of slimming down the state. This will last until they are back in the council of ministers and ask for greater expenditures for the army. It is true that a maximum burden has been reached in terms of taxes; we are well aware of that. Some things have already been pushed back, but not enough to reform things. However, to the extent that we are willing to make efforts in social security, we will continue to insist on the struggle against tax fraud. Let the others say as much as they want that this is a fetish, demagoguery, that nothing can be done about it anyhow, it remains our duty. The situation is so difficult because the European Community fails more than a little. The situation is so difficult because you can still make claims only on the income of "people who work." In the area of financial operations and foreign investments, the state remains powerless. Well, it is precisely income from those sources which has grown most rapidly in recent years. It is equally difficult to set up a tight system to restrain social or tax fraud, but you cannot have the one without the other. Furthermore, saving is a question of structures. Let us take the Belgian army, for example; that is a structural problem in and of itself. If, for years now, it has no longer been possible to meet the budget, couldn't the question be raised then of whether we, as a small country, can support armies on land, on sea and in the air? They often talk about the /taboos/ [in italics] of the left. Doesn't the right then at least suffer from a certain /hypocrisy/ [in italics]? People see unemployment grow, the tax burden increase and enterprises go bankrupt. In such times you always have less of a chance with sensible language than with simplistic theories. The pendulum of public opinion is now clearly leaning toward the view that the state has become too heavy, that it has become prohibitive, and that all kinds of things would be better off with /less/ [in italics] state. Everybody is in agreement on this, except for those issues where he himself benefits from the state service. First of all, industry. If a risk is involved, industrialists now ask, in the most representative way, that the state invest first, assume the costs or even provide its guarantee with regard to foreign clients. The tragedy lies in the fact that it is precisely now that the state has to slim down, while each interest group needs it for some issue or other.

Question: Every wage earner will soon feel the effect of his solidarity contribution on his pay check. Wouldn't it have been less painful to skip an index adjustment?

Van Miert: They are talking about the index now as if its repeal would be a miracle drug, as if it would straighten out the housekeeping of the state. However, the treasury would not benefit at all from withholding index rounds. On the contrary. /Less/ [in italics] income for social security and for internal revenue. Even

prior to Maribel, the Flemish socialists said that, starting from a certain level, they would be willing to discuss an adjustment of the index, on the condition that the system be preserved and that the implementations be carried out gradually. Cents but no percentages, that is the slogan. Since then, however, Maribel has taken resources away from consumption, the ceilings were removed in terms of contributions, and an even greater income reduction is being anticipated in the budget. The issue on the agenda now is how the treasury could call on all those other incomes which are growing more rapidly. But it is rather obvious that nothing would be achieved in this regard by messing with the index.

Question: Wouldn't it have been less expensive to follow Wilfried Martens during the last days of March, than to be paying through the nose for the 1982 budget?

Van Miert: But that whole emergency plan did not include a single franc for the budget. On the contrary even; it would have become even more difficult for social security to obtain its financing. It included only linear measures; the small man would also have had to give up some of his shabby 20,000 francs. Nothing was required from the income of other sources of labor. The Martens proposal really involved putting the weight of the crisis on the so-called middle group, and not below.

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CSO: 3105/182

ECONOMICS SENATOR DEPLORES REDUCTION IN BERLIN SUBSIDY

Hamburg DIE ZEIT in German 18 Sep 81 p 19

/Interview with Elmar Pieroth, West Berlin Senator for Economics, by Michael Jungblut and Joachim Nawrocki/

/Text/ ZEIT: Mr Pieroth, just a few months after taking over as senator of economics you have been the recipient of bad news from Bonn: the Berlin subsidy is to be cut by DM 235 million.

Pieroth: All the political forces in the city —ranging from the chamber for industry and commerce to German trade union federation— are in agreement with me. The projected cut would hit Berlin at a time when there are still a number of psychological problems to be resolved which affect the city.

ZEIT: But the finance minister simply has to save money.

Pieroth: The short-term effects of the cut are one thing; over the long term, they will be even more damaging. At long last, we had reached agreement among all the political parties and economic organizations in Berlin that we would have to make the Berlin subsidy more effective and cost-efficient and that we would have to concentrate on the creation of jobs for skilled labor..But now, Berlin labor union chief Michael Pagels says that a DM 235 million cut will hamstring Berlin's efforts to such an extent that hardly any thought could be given to restructuring the economy. And yet, according to estimates of the German institute for economic research, it would make for greater efficiency in the long term and save DM 100 million annually.

ZEIT: There is always talk of everybody having to make sacrifices; but nobody really wants to be first.

Pieroth: If everybody did, that would be well and good; but not Berlin all by itself, in a regional sense.

ZEIT: Matthoefer defends the cut by saying that the Berlin subsidy, in rising by 4.8 percent, is still growing faster than the federal budget which is rising at the rate of 4.2 percent.

Pieroth: That is a half-truth at best. It is true that the Berlin subsidy is to rise at a somewhat faster rate than the federal budget. But at the same time, the subsidy designed to help Berlin firms equalize their geographical handicap is due for a DM 235 million cut. The subsidy for the local health insurance scheme is to be cut by DM 80 million. In addition, the DM 120 million, promised for 1 January 1982, to subsidize a small business tax cut has been rescinded. That comes to a total of more than DM 400 million. If you subtract that from the DM 500 million Berlin receives as a budget subsidy, then the city will only get DM 100 million or one percent more. Now that is a distinctly lower rate of growth than that of the federal budget. Those are the real figures. Finance minister Matthoefer is citing only those figures that suit his particular plans.

ZEIT: But he also says Berlin is introducing a new social service in granting an education allowance to mothers while the federal government is making some heavy cuts in this very area.

Pieroth: These funds are being provided for by making cuts locally. We are doing away with free admission to the zoo by young people; we are not proceeding with the expansion of pedagogically supervised playgrounds; we are cutting vacation funds by a third and are introducing a new upper income limit for loans to newly married couples. These measures in themselves will save DM 150 million by 1985. Another DM 120 million will be saved by indexing contributions to day-care centers which have been free until now. Pointing to the education allowance, in other words, is not a really valid argument.

ZEIT: But what exactly is Berlin contributing to the savings program ?

Pieroth: The senator for finances has accomplished the enormous feat of cutting DM 3.5 billion from the budget of the next 4 years. Berlin thereby did its part of reducing the public debt. That is our contribution toward breaking the back of the inflation mentality and to getting back to lower interest rates, which the economy sorely needs.

ZEIT: As a political and economic entity, Berlin is an island. That has its disadvantages. But it could also have advantages in the sense that this easily surveyable region could be the proving ground for new economic and social concepts.

Pieroth: When one no longer is part of the opposition camp in Bonn but a member of the government here, one can at long last transform one's ideas into reality. The first item of business is to bring out the more positive aspects of Berlin over the next 4 years. It is an entirely one-sided picture that many have that there are riots all over Berlin all the time. Anyone living and working in Berlin rarely, if ever, encounters any of this unless he makes a point of going to one of these locations. Berlin is full of alert, open-minded people; it has such an exceptionally good transportation system that makes it easier here for people to work together than in many another city. Within its confined space, Berlin attains a greater GNP than either Portugal or Ireland. It has a widely varied industrial structure which not only provides a basis for economic progress. Here in this city, more so than in a less developed area, one could see to it for instance that a

mother who does not wish to work full-time can find a job and get to it easily. Berlin businessmen—who have always had a tough time of it politically—are more receptive here to the proposition that business will get to the year 2000 only if it recognizes its obligation to society as a third factor to be considered in addition to production and the market. Business today is the locale most conducive to social progress; government spending can hardly be expected to achieve it any longer.

ZEIT: In many instances, it would do just as well if the state relaxed rigid regulations thereby creating more room for social progress to be based on initiatives of either business or labor—as for example in the area of work schedules. Do you believe one such model or another might be tried out in Berlin?

Pieroth: I think it is quite possible that young people might start to work earlier, to do something practical and to accept fewer years of schooling, if they knew they could attend to their higher education or to a second course of study after having worked for a few years. There really is no reason for engaging in theoretical studies for 20 years, then working for 30 years and finally to lapse into retirement without any transition. We intend to break new ground in this field jointly with the senator for labor, Wronski, and the senator for science, Kewenich.

ZEIT: The many institutions of higher learning in Berlin would create the proper framework for this.

Pieroth: That applies to other fields as well. There are not only many old people in Berlin; we have the highest per capita ratio of students of any metropolis, too. In the vicinity of the major American universities, there are always new businesses springing up which draw on the ideas and research findings developed there. Such possibilities exist here as well. The old demand that Berlin should become a center for research and development might at long last be realized, if we could get business and science to cooperate in a similar manner. I am particularly pleased by the fact that the Berlin DGB is helping these efforts along.

ZEIT: Are the Berlin businessmen just as open-minded? Time and again, the claim is made that the many subsidies of the past have created a distinct subsidy mentality and so, a situation where nothing works any more without a government handout.

Pieroth: I would like to distinguish between the open-mindedness in social matters which I described earlier and this particular problem. The businessmen did not invent the subsidies; it was the politicians who wanted to lure them in a particular direction by granting them. If the businessmen accept these funds, they cannot really be blamed for it.

ZEIT: But many a businessman is just resting on his subsidy cushion and is not making any effort of his own—for instance in the export field.

Pieroth: If he receives a 5 percent turnover tax refund for deliveries to the FRG but none for deliveries to foreign countries, the Berlin businessman is not really being provided with an incentive to export his products. But that is above all the fault of the politicians who all but persuade business to adopt the wrong practices...

ZEIT: ...or to lead it astray. After all, such regulations practically tempt business to forward their exports to foreign countries via addressees in the FRG.

Pieroth: That is true. It is probably a good thing that the present senator for economics is a professional businessman. I view the problems from both sides.

ZEIT: Does that mean there will be more new jobs in industry than in administration from now on ? For many years, it was the other way around.

Pieroth: In announcing the program of his administration, Richard von Weizsaecker has said that the Berlin economy will be aiming to create more secure jobs. In the public sector, on the other hand, 2000 jobs will be cut next year. Difficult as that is going to be, there is a positive aspect to it, too. I would claim that the loss of jobs in industry in Berlin has as much as anything else been due to the hiring of 41,000 additional public sector employees over the past 10 years— at least some of them offering very attractive conditions. Industry lost skilled labor in the process— some of which it had trained. On the other hand, the number of jobs in crafts and services has increased.

ZEIT: This growth of small and medium-sized business— you are for it, are you not ?

Pieroth: Of course. We want to see the climate favorable to small and medium-sized business improve still further. Berlin still is a middle-class city. There still are people who live in the front of the house and work in the back. Some of these are small businesses which enjoy a monopoly on the world market. New jobs must above all be created in the middle class environment.

ZEIT: How do you propose to do that in the face of shrinking subsidies and the poor state of the economy ?

Pieroth: With new ideas and in close cooperation with business associations and the labor unions. We must bring about a new creative atmosphere and do our best to maintain the competitiveness of existing enterprises. Just a few ways in which we can do this is to introduce new savings schemes, to promote investment leasing, to set up a data system for stimulating Berlin's economy and a cost-efficient, flexible support service for small and medium-sized business ventures. Many businesses have to give up simply because there is no suitable enterprise to be found to take their place. To change this state of affairs, we will create a successors' exchange. Berlin must once again become a city that attracts those that want to make it and not those who have had it.

9478

CSO: 3103/7

TRADE MINISTER'S SUGGESTIONS FOR BOOSTING COMPETITION

Rome IL SETTIMANALE in Italian 8 Sep 81 pp 95

[Article by Nicola Capria, socialist minister of foreign trade: "The Proposal: Roads to Follow to Again Become Competitive"]

[Text] A coherent line of intervention in behalf of a stable re-balancing of foreign trade must take into account the present context. Since October 1979 there has been a systematic upward trend of imports over exports. To sum up in a few simple words the evolution of our foreign trade, we are witnessing a slight increase in exportations, but one that does not succeed in compensating for the very great increase in the cost of importations, even though the volume of the latter has been notably reduced.

Without hiding behind the structural origins of the crisis (it will take a long time to resolve them), I believe that it is essential to immediately do whatever can be concretely done, by analyzing the causes of the unsatisfactory trends. There are essentially two of them. The first cause is a drop in the competitiveness of our production, which determines the changes in the trends of the exportation quotas to other countries and the opening of the domestic market to the aggressive competition of other countries. The present policies of the government, along with those of the business sector, and in agreement with trade unions, of rationalization of the structure of the cost of labor and of the sliding scale should lead to alleviating these problems. But in the intermediate period the cost of labor will reflect an upward trend, no matter how things go, that will be relatively higher than that of the industrialized countries that are our competitors. Therefore there is an absolutely vital need to go from a competitiveness that is based exclusively on prices to a competitiveness of quality, of commercial capability, and of services. This requires a resolute movement forward to higher levels of organization, by shifting from a strategy of individuals, in open order, to a coordinated and organized strategy: no more exportations firm by firm, but sector by sector, market by market.

The other main cause of the crisis, an external one, is the seriousness of the energy shortage. If we take into account that, in order to pay for a 500,000-ton super oil tanker, Italy today would have to export 20,000 automobiles, in addition to half a million hectoliters of wine, more than 2 1/2 million pairs of shoes, plus 300,000 quintals of tomato sauce, we will have a precise picture of reality. And, in order to meet demand, an average of one super oil tanker would have to arrive every two days during the course of a year.

The first broad line of intervention has to do above all with what Onida has called "invisible investments," the competitiveness of intelligence and of organization, and concerns the reorganization and the reconversion of an unbalanced economic and productive system. In an open economy system like the one we have experienced for 35 years, foreign trade calls for a synthesis or, if you like, for a rendering of the accounts of national systems. We must go along three main paths. The first is the internationalization of our productive system, overcoming that simplistic and profoundly erroneous theory that ties the dramatic problems of employment to the obligatory presence of Italian firms inside national boundaries. The other path is that of the simplification of the entire bureaucratic administrative system, which today squeezes the potential for the growth of our exportations into a vice. It is a system in which the Public Administration a priori refuses to trust the individual operator, imposes an inordinate series of enormously costly controls on him--both direct and indirect--with which after all the state itself is not able to comply. I believe that this formal and constraining requirement of a guarantee is not at all a minor cause of the loss of competitiveness in our entire economy.

The constraints must be removed, along with the monetary controls that have been superimposed over the years and which actually constitute a hidden exportation tax. It is a question of reform interventions that will not involve burdensome expenditures and will be eminently capable of stimulating exportation. All that is necessary is that consideration be given to the simplification and the trimming of procedures, to the modernization of the administrative and promotional apparatus, and to a legislative change with respect to monetary penalties--already shown to be not only inefficient and contradictory, but also restrictive.

The third main path leads us to a profound rethinking of our objectives. For years it has been maintained that we must enter new sectors, with advanced technology. This is undoubtedly true, but not an alternative to be applied to the so-called mature sectors that continue to be strong key points of our exportation system, a condition needed to assure a balance in our foreign trade accounts, while awaiting the entry of new sectors.

In order to travel along these paths that would make it possible for us to emerge from the vicious circle of obstructive measures, the agreement of all business sectors is indispensable. The government is resolutely moving in this direction. But it is not the government's responsibility alone.

8255

CSO: 3104/4

PROVISIONAL BUDGET FOR 1982 PUBLISHED

Zurich NEUE ZUERCHER ZEITUNG in German 17 Sep 81 p 14

[Article by pmr.: "Provisional Budget Draft in Netherlands"]

[Text] The Hague, 15 September-- The 1982 provisional budget was published in The Hague in accordance with the Dutch Basic Law, which calls for the submission of the provisional budget for the next year on the third Tuesday in September, the day of the Queen's address. The character of this year's draft is even more provisional than was the case in past years. Parliament always made more or less comprehensive changes in government proposals, but this year's draft was still the product of the Christian-Liberal cabinet which was replaced 4 days ago by the Black-Red coalition. The new government will probably submit its course corrections on 12 October, although to date no total agreements have been reached in spite of lengthy coalition negotiations. Until then the Dutch public will have to be satisfied with a purely technical dossier which was prepared by officials under the strict maxim not to increase the pressure of collective burdens and simultaneously decrease the budget deficit.

Income Distribution in Need of Change

Sociopolitical effects were not taken into consideration. Without corrections in the 1982 budget proposal, the real income of an average wage earner would shrink by 1.5 percent. In 1981 and 1980 it went down by 3 and 1 percent respectively. Minimum wages and pensions would be reduced by as much as between 2 and 3 percent, whereas higher incomes would experience an increase in purchasing power. Even Albeda, the departing Christian-Democratic minister of social affairs, felt that these consequences for the income distribution were in desperate need of corrections. Den Uyl, his socialist successor, will certainly not put up with it. He has also devised elaborate plans for the creation of jobs. It is expected that the financing of these projects and the desirable income distribution will lead to serious disputes in the cabinet. Nevertheless, at the beginning of this week Wil Kok, leader of the Dutch labor union, helped to reduce some of the tensions that were building; he said that in recent years income had pretty much leveled off and that there was only little room for improvement in the near future.

Individual Items

The proposed provisional budget provides for total outlays of 125 (the expected figure for 1981 is 117.5) billion and revenues of 109 (101.2) billion Dutch guilder. If budget allocations for road construction, investment promotion etc. are included, a net financing shortage of 15.8 (18.7) billion Dutch guilder results, which corresponds to 4.77 (6) percent of the national income. For the entire public sector this deficit increases to 6.5 (7.75) percent of the national income. A curb on the budget deficit, however, will only result when the actual development of the current year is compared with the figures of the 1983 plan. When the 1981 budget proposal was submitted in September 1980, the projected deficit was only 13.1 billion Dutch guilder, which corresponded to 4.25 percent of the gross national product and 5.25 percent when taking into consideration the entire public sector.

To put a halt to the rapid growth of the deficit, the former government cut 4.9 billion Dutch guilder in expenditures from medium-term plans. The red pencil was used the most in social areas. Slight increases in premiums, a waiting period for sick pay, increases in personal risk in case of sickness as well as the abolishment of income tax deductions for old age and disability contributions are expected to yield a total of 1.9 billion Dutch guilder in savings. Cuts in preventative health care amounted to 0.6 billion Dutch guilder and in the pension and pay administration of public servants 1.3 billion Dutch guilder. Additional 971 million Dutch guilder were deleted in individual departments. The provisional budget does not contain any tax increases. A considerable percentage of the rise in revenues, however, will again be derived from natural gas proceeds, which increase with the price of oil since export agreements are based on it. The minister of finance estimates that 1982 revenues from natural gas sales will be 24.5 billion Dutch guilder, compared to 18 billion Dutch guilder for the current year; as a result, they will represent 18 percent of all revenues received by the treasury.

As far as expenditures are concerned, the rapid increase in servicing the debt is a conspicuous item--listed at 15.4 (1212) billion Dutch guilder. Next year the interest on the state debt alone will consume 11.5 (815) billion Dutch guilder, which corresponds to 3.4 percent of the national income. Servicing the state debt will climb from 10.2 to 12 percent of total outlays and, as a result, move up to become the second largest item in the budget, following education and science--which take up 17.9 (19) percent. Next are social outlays with 11.9 (12) percent, defense expenditures with 9.4 (915) percent and housing construction with 9.3 (915) percent of total expenses.

Gloomy Economic Forecast

The economic forecast of the Dutch Planning Bureau, which was the basis for the provisional budget, is gloomy. In spite of a slight economic revival--the real increase in the gross national product is estimated to be 1.5 percent after declining by 1 percent during the current year--a sharp increase in the average number of unemployed people is expected, rising from 375,000 to 460,000. At the end of August the number of unemployed people had already reached 400,000. Following a decline of 2.5 percent during the current year, the investment volume is expected to increase again by 1.5 percent; but at the present time the investment rate is approximately 30 percent under its 1970 level. The inflation rate, which is approximately 7 percent right now, is supposed to diminish. The balance of payments is expected to improve considerably: Following a deficit of 4.75 billion in 1980, the current year is expected to show a surplus of 2 billion and in 1982 the surplus is expected to be even as high as 10 billion Dutch guilder.

INCREASE IN EXPORTS, LOWER TRADE DEFICIT

Zurich NEUE ZUERCHER ZEITUNG in German 16 Sep 81 p 18

[August Figures of the Swiss Customs Bureau show marked increase in Swiss exports and a smaller deficit in the balance of trade during the first eight months of 1981.]

[Text] Switzerland's trade deficit for August, amounting to 990.6 million francs, fell 2 percent below the deficit of 1.010 billion francs for the same month a year ago, but exceeded the July deficit of 506.6 million francs. According to an announcement of the Federal Customs Bureau, August exports again showed noteworthy nominal and real growth by comparison with the same month a year ago. A similar growth in value of imports was a consequence of higher prices, in real terms they were stationary. The worsening of the real export-import situation continued since the prices of import products, according to the average price index, were climbing significantly faster than those of export producers.

By comparison with August 1980, imports increased by 398.3 million francs or 9.7 percent for a total of 4,521.9 million francs and exports increased by 418.2 million francs or 13.4 percent for a total of 3,531.3 million francs. With an increase in the average value of 12.5 percent and 7.2 percent respectively, there was a real decline of 2.5 percent in imports and a growth in exports of 5.8 percent. Excluding precious metals, precious and ornamental stones as well as objets d'art and antiques, imports rose nominally by 9.6 percent and 0.1 percent in real terms (average value: +9.6 percent). The corresponding export growth rates were 11.7 percent in nominal terms and 5.3 percent in real terms (average value: +6.1 percent).

In the first eight months of the current year, Switzerland imported goods worth 39,418.3 million francs and exported goods worth 34,056.0 million francs. By comparison with corresponding period one year ago, imports grew by 718.2 million francs or 1.9 percent and exports by 2,668.4 million francs of 8.5 percent. In real terms imports were, to be sure, less by 4.7 percent, while exports were practically stationary at plus 0.6 percent, since the average values rose by 6.9 percent and 7.8 percent respectively. The passive amount of the trade balance declined during the year by 1,590.2 million francs or 26.7 percent to 5,362.3 million francs. Excluding precious metals, etc., imports showed a nominal increase of 5 percent and a real decline of 3.5 percent (average value: +8.9 percent). This correction remained generally without influence on the adjustment rates for imports mentioned above (nominal: +8.4 percent; average value: +7.6 percent; real: +0.8 percent).

BANKER SEES 8 PERCENT INFLATION IN 1981

Zurich NEUE ZUERCHER ZEITUNG in German 15 Sep 81 p 11

[Markus Lusser discusses Swiss National Bank policy in the face of rising prices in Switzerland.]

[Text] Dr Markus Lusser, member of the Board of Directors of the Swiss National Bank (SNB), regards it as "not entirely out of the question that price rises this year will reach or even exceed 8 percent." In a radio interview, however, Lusser expressed his conviction that prices will decline "quite markedly" in the second half of 1982. He said the money supply policy of the bank was unfortunately almost the only available means for combatting rising prices.

The expansion of the money supply will, according to Lusser, lie significantly under the originally announced goal of 4 percent this year. The disadvantage of the National Bank's monetary policy alternatives lay, however, in the fact that the effects are only apparent very late. If they succeed in breaking the expectation of inflation by means of a tough money supply policy, the rise in the interest rate must be regarded as a passing evil which has to be put up with.

Lusser characterized price controls as symptomatic treatment. Nevertheless, referring to the amendment of the business article proposed in the parliament, he believed that price controls had a positive side in that they create awareness of a will to combat inflation.

In the event the Swiss export industry were endangered by a revaluation of the franc as in 1978, the National Bank would again deal with the problem as it had at that time. As is well known the SNB was criticized from all sides for having contributed to today's price rises by its massive intervention in the foreign exchange market at that time. Lusser pointed out, however, that Switzerland is today faced with an entirely different situation in that the exchange rate of the Swiss franc has greatly weakened. In answer to the question whether the SNB in recent years has expanded the circulation of money too greatly and "activated the inflation brakes" too little, Lusser replied that the bank had taken the measures appropriate to the situation at that time, which after the fact could be judged in different ways. Thus in 1978 the supply of money had to be increased in order to lower the rate of exchange for the franc which was too high, which of course stimulated inflation. Today it was a question of reducing the money supply as a brake on rising prices. Simultaneous meaningful flanking measures to combat inflation were needed.

POLITICAL PROFILE OF FINANCE MINISTER MATTHOEFER

Munich SUEDEDEUTSCHE ZEITUNG in German 18 Sep 81 p 3

[Article by Herbert Riehl-Heyse: "A Cool Farewell to the Old Ideal"]

[Text] It was still 2 hours before the finance minister's speech on Wednesday afternoon; but CSU deputy Erich Riedl long since knew what it would be like. As budget chairman of his fraction, he was quite familiar with the man. First of all, Erich Riedl predicted, the speech, as always, would be "a sleeping aid for mild cases of insomnia" and second, it would soon become obvious ("in spite of the high esteem in which I hold him personally") that this is "a dyed-in-the-wool Marxist talking, no doubt about that."

Such things are good to know particularly if one is in the process of finding out everything there is about a politician who has aroused our interest because he recently began to dig even deeper into our pockets. And there it is, as you hear Hans Matthoefer reading off his speech: his trying as best he can to stress the proper word in each sentence— no brilliant orator who can dazzle his listeners. But he does not put you to sleep, either; the subject matter is too exciting for that and the speaker himself is too alert. And what about the Marxist philosophy? Even a listener who is completely receptive to every socialist nuance will wait in vain and will hear instead that the "tax structure for small business" will have to be improved and that the "lower income groups" will have to "live with cuts." No later than at this point will a listener realize that it will not be all that easy to find out everything about Hans Matthoefer.

Somewhat Cool; Somewhat Irascible ?

This reporter had had a feeling that this would be one of those difficult cases where a Bonn personality becomes harder and harder to assess the more one talks to him and to others about him. Very little is known about the man himself other than that he has almost no private life, that he likes to read specialized texts, that he sits around in his simply furnished Bonn apartment in sweaters full of holes if he ever does get home early enough and that he starts to enjoy life only when he gets to his home district in Frankfurt and moves from one SPD garden party to the next.

Now then, is he somewhat cool, a superior who "hardly deviates from emotional balance," as his press spokesman likes to put it or is he irascible, which is what Peter Glotz says based on an experience he had with the minister in Berlin. It was all he could do, Glotz says, to keep Matthoefer, a one-time amateur boxer, from throwing punches at some demonstrators who had accused him of betraying the working class. The intensely interesting question of exactly where Matthoefer's political heart lies leads one into fundamentals. If Hans Matthoefer really is a member of the SPD left wing—which he himself denies, if asked—then how to explain his submitting a budget which many members of his own party welcome amid great gnashing of teeth, which the rightwing liberals approve of wholeheartedly and which the CDU/CSU calls anti-social among other things. Anyone who can answer these questions would have learned a good deal about Hans Matthoefer—and about the limits to left policies in this day and age.

Whatever there is socialist about the man has to do with his biography above all; with his difficult childhood; with his proletarian home life in the Ruhr; with his father's unemployment and with his own problems about graduating from high school, going on to study and becoming a success; and then with the time he spent in the metal workers union under Otto Brenner, the then towering chairman of that organization. It was very likely he who urged Matthoefer to fight the emergency laws and it was he who instilled in Matthoefer the passionate commitment to aid the oppressed socialists in Spain and Chile in later years. When he called the ruling Chilean junta "a gang of murderers," that was not Matthoefer, the statesman, talking but the "knee-jerk leftist angrily pounding the table," as one of his fellow members on the party presidium, who is somewhat less emotional, has put it.

But there has always been another side to the man, a "reasonable" side, as Matthoefer himself likes to define his left bias, which opened the way for him to a professional political career. Helmut Schmidt, it seems, was among the first to discover and appreciate this side of Matthoefer's. This came at a time when the right wing of the fraction was in the midst of thwarting each and every effort on Matthoefer's part to run for fraction chairman. It is worth pointing out that the respect Schmidt and Matthoefer have for each other and which has long since developed into real friendship goes back precisely to the emergency law debate. Fraction chairman Schmidt, for his part, encountered resistance based on reasonable argument and Matthoefer, in opposing the legislation, came to accept that others had a different point of view. From that point on, this leftwinger became living proof for Helmut Schmidt that he was able to get along with that wing of his party, too. Today, an informant who often speaks with the chancellor privately, says, Matthoefer is one of the three people whom Schmidt "does not call stupid no matter how bad a mood he is in."

It may well be that this belief of the chancellor's in Matthoefer's competence (first appointing him research minister and then, in 1978, finance minister) has put the onus on him to prove just how competent he is. When he took over the finance ministry, parts of the business world were quite worried. Over the first

2 years he did indeed try to give a distinct social democratic cast to the post, such as coming out strongly in favor of government subsidies for research or by making statements on debt policy like this one contained in a letter to Catholic bishops in September 1980: "I am fully convinced that increased borrowing over the past few years was absolutely necessary in order to...prevent mass unemployment in our country...So help me God."

What it was that happened soon thereafter to bring about a fundamental change of view is hard to say at this juncture. Perhaps his change of heart, which more or less coincided with the election, is based on his "terrible fear" —as fellow party member Wolfgang Roth believes— that he might go down in FRG history as a man responsible for large debts; but perhaps he really reached the conclusion that changed conditions —balance of trade deficits, high interest rates— called for a change in policy. From that moment on, at any rate, he embarked on this new policy, primarily directed toward savings at first glance, with a resoluteness that caused raised eyebrows far and wide.

The story of the 1982 budget debate might well be entitled: "The One-Track Mind of Economist Hans Matthoefer." If one fails to take this particular trait into account, much of what has happened during the past few months and has irked not a few members of Matthoefer's own party simply cannot be explained. What, for instance, might the reason have been for the finance minister's outright rejection of any kind of job program to fight unemployment? It must have been that Matthoefer, as a political economist, had worked out a theory which concluded that such a program, particularly if financed by tax increases, would do more damage than it was worth and that he could not be convinced of anything to the contrary from that point on.

Now that the fog surrounding the debate is beginning to clear...it is becoming apparent that the idea of a supplemental tax originated with people close to DGB presidium member Pfeiffer and was then skillfully fed into the SPD decision-making apparatus by minister presidents Johannes Rau and Holger Boerner...Now if Hans Matthoefer feels he must justify his new-style policy, he will most likely want to do so to himself. He has any number of maxims ready whenever anyone asks him how he feels about cutting children's subsidies or education funds and they all sound as though he is intent on convincing Hans Matthoefer most of all. He says there is no point in "confusing socialism with social policy" and that many SPD members tend to equate a "left bias with benevolence" and that it was Brecht who pointed out that it was wrong to think that "the good is weak by nature just as rain is naturally wet." Now this sounds like someone trying to reassure himself. But to those party members who still refuse to admit that the old policy of combating unemployment —which he himself still propounded a year ago— will not work any more he handed an article by one of the general managers of the Dresdner Bank which says all there is to say on the subject.

Not a Word of Accomodation

Anyone using such arguments runs the risk of being misunderstood; anyone who surrounds himself with a handful of new people and gets rid of the party faithful in his ministry; anyone who is hardly on speaking terms with some fraction members any more becomes a lone wolf who is not liked very much. His colleague Wolfgang Roth who journalists have claimed for years once said that Matthoefer was an opportunist calls such a characterization totally wrong. "I really like the man," Roth says while deploring the fact that the minister has a difficult time of it reaching compromises with leftwingers like him, with rightwingers like Apel and Ehrenberg and with the SPD labor union council. When Roth urged the SPD presidium on Monday to adopt measures to combat unemployment, there was not a word of accommodation from Matthoefer. Journalists, for their part, are spreading the word that the "count of economics," (as Herbert Wehner calls him) Lambsdorff has had words of praise for Matthoefer despite the fact that he was the very man who is supposed to have said on the day when it appeared certain that the coalition would come apart that the only cabinet member he would be sorry to see leave was the finance minister. It can certainly not be said that this particular minister walks away from a fight with his old friends but they, for their part, are afraid of taking him on. The chancellor has let it be known that he wants the man to be left alone and already knows how wrought up he is again.

Now this reporter might have come to the conclusion that he is dealing with a technocrat who is saying farewell to his old ideals as he gets on in years. But it is not as simple as that. Who can say that conditions are not such that these old ideals should not be pursued in new ways, if indeed at all? Who is there that might say to someone else that he thinks he knows better? Listening to the budget speech on Wednesday at any rate which Matthoefer worked over again and again, one gets to wondering. Is he a tough man, this finance minister? Why is it that he is so insistently trying to convince those people who are worse off in this country?

Well, perhaps one need not know everything, even about a politician. Erich Riedl doesn't, either. This reporter asked him what he thought of the speech while the budget debate was in progress in the course of which the opposition is constrained to attack the finance minister while hiding as best it can its surprise over his transformation. Of course, he says, it was a socialist speech as expected, "but as compared to his usual monotone it was rather lively."

Everything after all is relative, he adds. And in this particular case, he is quite right.

9478

CSO: 3103/8

FORMER UDF MINISTER: DEFEAT, PS POLICIES, FUTURE PLANS

Paris LE MONDE in French 2, 3, 4 Sep 81

[Article by Jean-Francois Deniau: "The 100 Days of the Former Majority"]

[2 Sep 81, pp 1, 6]

[Text] A think tank on the adaptation of the UDF [French Democratic Union] structures to the new political conditions, whose last meeting took place in July, met behind closed doors on Tuesday, 1 September. Made up of Messrs Michel Pinton, UDF delegate-general; Didier Bariani, Radical Party chairman; Jacques Blanc, PR [Radical Party] secretary-general; Jean-Pierre Fourcade, president of the Perspectives and Realities Clubs; and Bernard Stasi, CDS [Social Democratic Center Party] deputy chairman, this commission is charged with drafting proposals to be submitted by the month of October to the movement's national council. After the CDS--whose youngest militants held their summer university session from 24 to 28 August--it will be the turn of the PR to express itself. Its executive bureau is to meet on Thursday and its summer university session has been scheduled for 7-12 September at La Canourgue (Lozere) whose mayor is Mr Jacques Blanc. The movement of Young Giscardians in turn will hold a think-session "campus" on 4, 5, and 6 September at Lioran (Cantal). Mr Jean-Francois Deniau--who held six ministerial portfolios between 12 April 1973 and 4 March 1981, the date on which he became the man in charge of Mr Giscard d'Estaing's election campaign--is wondering about the underlying reasons for the big political change which took place on the occasion of the April-May presidential election and the June legislative election.

I. What Really Happened

More than a year ago, the managing editor of a big evening daily happily explained that Francois Mitterrand, for the first time in 1981, could win if one were to add three elements, none of which was sufficient, but whose sum total could make those 1-2 percent of the voters to switch sides, in other words the people who make up the difference between failure and success. First of all, a campaign to degrade the personal image of the president; then, the continuation of crisis and unemployment for which the president and his government would be held responsible; and finally, the failure of a portion of the RPR [Rally for the Republic] to materialize.

I do not believe too much in the first element (even though that particular big evening daily pursued it systematically); criticisms or gossip of that kind serve rather as a justification or alibi for more profound motivations, such as those connected with the other two elements. But it must be admitted that the forecast as a whole was correct whereas at the time widespread skepticism was detected, including among Mr Mitterrand's friends.

On 10 May, Francois Mitterrand thus won over Valery Giscard d'Estaing by 51.75 percent of the votes cast. Several weeks later, on 21 June, the PS [Socialist Party] was able to win a considerable success with about 56 percent of the votes cast. Several days after that, an even larger majority of voters declared themselves rather satisfied with these events which gave practically all power to a single political party.

There were as a matter of fact two different phenomena involved here: On the one hand, Mitterrand's victory over Giscard d'Estaing was undeniable but relatively limited; on the other hand, there was an amplification of the victory after the victory. Let us be distrustful of the distorting effects of hindsight and let us not explain the results of May by means of those of June. We know now what the actual development was; but the 51.75 percent of the French who voted for Mitterrand in May did not at that moment know that they would grow to almost 60 percent in July. It is even likely that a certain number among them, who voted against Giscard, did not believe that Mitterrand would be elected president. And if, today, I add up the reasons for the failure of Giscard d'Estaing, as one can read them in the press or as one can hear them in conversations, the thing that becomes entirely unlikely is that, let us not forget, he had more than 48 percent of the votes and that almost 15 million French had expressed their confidence in him last May.

"He should not have run; 7 years was long enough and 14 years is too much. He should have run, but a year before the scheduled vote; he should have changed his premier and his administration. He made the big mistake of kicking out seasoned politicians and disregarding party apparatuses; in this way he demobilized his militants and lost his footing. He made the big mistake of calling upon worn-out politicians who were no longer credible. He should not have given voting rights to the 18-year olds. No, the absolute political mistake was the professional tax and the value appreciation of his own electorate. He made too much social policy; he did not make enough social policy. He should have been much more courageous in telling the French the truth and they would have understood what was demanded of them and they would have been capable of making the necessary effort; he should not have told the French the truth and he should have pursued a policy of austerity but he should have been careful not to announce it; it was the prospect of austerity which was not bearable. He was too far to the right and he disappointed us. He was not far enough to the right and he betrayed us," etc.

In all of these perfectly contradictory statements, there is always one word missing: the crisis.

But let us try to classify this. An amateur, looking at one of the drawings of Degas, asked him how much time it had taken him to complete this little masterpiece. Degas replied: "Twenty minutes--or 20 years." Without considering politics to be one of the arts, any event there can be analyzed as a result of several minutes, several months, or several years. Let us start with the shortest time interval.

The campaign was not conducted to win votes or to lose any votes either. There were no great positive moments in it. Nor was there any unfortunate wording or any regrettable image which could become symbolic and which, after the event, are considered not only as the symbol but also as the reason for failure or success. Some people thought that Mr Giscard d'Estaing's response to a question from a journalist regarding his biggest failure--the fight against unemployment--was a serious political error. It is a political error if you lose. If Mr Giscard d'Estaing had won, it would no longer be considered as having caused condemnation but as an elegant expression of honesty which supposedly earned him votes by pleasantly switching the tone of voice as compared to the usual political discourse. Some people might have been too much inclined to believe that the face-to-face meeting with Mr Mitterrand was decisive. It would undoubtedly have been saying too much in 1974 to say that Mr Giscard d'Estaing's victory was due to such a debate and especially to the famous response on the monopoly of the heart. As a matter of fact, nothing was decisive here. In 1981, even if the debate definitely showed Mr Giscard d'Estaing ahead on points, he could not have shifted 0.50 percent of the votes. The results were already in. In 1974, the French wanted change without risk and it so happens that change without risk meant Mr Valery Giscard d'Estaing. In 1981, it seems that Mr Francois Mitterrand stood for change without risk.

Mr Mitterrand's skill at that time was represented by the fact that he did rather little campaigning and that as often as possible he sought escape in generous generalities. As for all of the precise questions on the communist ministers, the solutions to inflation and unemployment, the changes in society--he always replied: "We shall see." He seized this precise historical chance because at that precise moment the French indeed wanted to "see what would happen."

The error in Mr Giscard's campaign--and I say that now, knowing the role which I played--is that, from the start, we believed that the president of the Republic would be reelected with an undoubtedly even greater majority than in 1974. But many socialists also believed that, along with all of the specialists and the majority of the French, even though they said at the same time that they had no intention of voting for Giscard. The error also springs from the fact that we believed that Mr Giscard d'Estaing would be reelected because he was the president. Everything else sprang from that.

In November 1980, Mr Giscard d'Estaing's popularity had definitely dropped below that of Raymond Barre. This signal was not considered decisive--because no other candidate appeared credible, because the specialists thought that many of those who came out against Giscard would not refuse to vote for him at the critical moment, because others who were dreaming of change at the moment of the voting would come back to the fold. It was the specialists who were dreaming.

It is natural for any candidate to criticize and it is easy for any candidate to promise. It is impossible for a sitting president to criticize because that would mean criticizing himself; but it is also practically impossible to promise because the response would immediately be: "If you believe that this is necessary, that this is correct, why have you not done it sooner? You had 7 years." This is the fundamental difficulty in a reelection as compared to an election. After 7 years of crisis, there is little room left for imagination.

Resolutely draw up the program for a "new start" by violating the logic of continuity and the reticences of competent civil servants? Perhaps, but a month before the elections, would that have been credible?

The sitting president thus can neither criticize, nor promise and that by the way is not in his temperament either. He can only say that the record is good and--considering the circumstances--that it is even exceptionally favorable compared to what happened in the other countries. But you do not convince the majority of the French by telling them that we are in a respectable middle position and that the other countries are less fortunate than we are. The president can only say that, on the basis of what has been done, we must continue to go on and do better. Nor can he reply to the criticisms which come from all sides, from the right and from the left, because at that moment he would put himself on the same level as the other candidates and the fact remains that there is a president, on the one hand, and that we have the candidates, on the other hand.

The violent criticisms coming from Mr Marchais or Mr Mitterrand, aimed at the president, undoubtedly are not the kind that would cause many people to switch their votes because the French believe that they are part of the conventional political game. On the other hand, the same criticisms coming from his former premier, that is to say, from his own camp, very systematically "targeted" to hit an electorate of self-employed individuals, of farmers, of small businessmen, of small merchants, etc., presumed to constitute a majority, appeared to be a confirmation and carried more weight and had more effect. One can sound off when one is in the opposition but this is more dangerous when one is on the inside, in the administration.

The Split

Nevertheless, on the evening of the first round, on paper at least, Giscard d'Estaing had won. He was definitely ahead and, with 28.31 percent of the votes cast, he had a little less than one might expect but he did a little better than his own personal electorate who had been measured by this full-scale opinion survey represented by the European elections. The left, overall, was not a majority--and still the president, in fact, had lost.

He lost because of the earlier errors of the Communist Party and with the help of the "Chirac effect" one million Communist Party voters were persuaded to vote for Mitterrand starting with the first round of elections. This had a double result: Mitterrand came very close to Giscard with almost 26 percent (whereas he had been at a figure of less than 24 percent before); and the Communist Party dropped to less than 16 percent and did not scare anybody any longer. Since the Communist Party did not scare anybody anymore, Mitterrand did not scare anybody anymore either.

Giscard lost because the addition of the first round is illusory; the Chirac votes were not added completely, in any case to a lesser degree than the communist votes that were added to Mitterrand. After the first round and the personal statement from Mr Chirac, the percentage of votes within the majority rapidly rose to 70 percent. But the RPR Central Committee decided on the free vote and the percentage practically froze at that figure of 70 percent whereas on the communist side the move in favor of Mitterrand continued whether the Communist Party liked it or not. For Giscard, the failure to get the RPR votes amounted to between 25 and 30 percent, with half of those who failed to vote simply abstaining while the other half voted for Mitterrand. This half which would vote for Mitterrand accounted for two points compared to the total number of voters, that is to say, by virtue of their switching sides, the four-point difference between the candidates came

out and that meant victory for one of them and defeat for the other--without even taking into account the abstentions. Arithmetically, this explanation might suffice and any analysis might stop there.

In 1978 it was not the majority that won, it was the left which had lost because of its divisions. In May 1981, it was the majority which, because of its split, lost--it was not Mitterrand who won. In June 1981, it was Mitterrand who won.

But we must go further back. If such a phenomenon of division and defection did take place, it did so because there were good reasons. This happened first of all because relationships within the majority had never--for many years--been very satisfactory. Apart from some periods of understanding, they rather added up to a kind of armed truce marked by various "blows" which left lasting traces. This also happened because the split was sustained by disappointments among the various categories springing from the crisis, further aggravated by the prospects for the continued duration of that crisis. Without the crisis, neither Chirac nor Mitterrand could have been able to attack the record of the 7-year term so vigorously. Without the crisis, there would likewise not have been such a strong desire for other solutions and other policies. Without the crisis, Giscard could not have been beaten by four points due to the combination of the dream of the left and the discontent of the right.

The Crisis

The 7-year term was the term of more unemployment in all countries, regardless of their systems, and widespread inflation. Could another administration, in the eyes of the French, have "been successful"?

The preservation of the value of the franc no longer had the political value which it undoubtedly had at the time of Mr Pinay and even more so at the time of Mr Poincare; the number of fixed-income retirees had declined, the number of farmers or individual homeowners, who were heavily in debt, had gone up.

Preserving and increasing the purchasing power, reducing certain inequalities among the French, saving social security without changing the quality of services rendered, having an unemployment rate which would remain lower than that of a number of our European neighbors, even though that was too high, without falling victim to the dangers of all revival policies, in other words, unbalanced budgets and unbalanced foreign trade with all of their immediate bad consequences, guaranteeing the future through the continuation or launching of long-term policies, such as the energy policy--that is a success which the American monthly magazine FORTUNE barely a month before the elections considered as one of the most noteworthy achievements of this century and which confirms France in its role as European and Western leader. But this did not count among public opinion. The thing that is so striking is only the negative message on the need for austerity and on the perils to come (since the future in politics does not amount to more than 3 years)--the striking thing was that the crisis was continuing.

Pessimistic feelings would prevail not so much on the basis of the judgment of that which had been done in overall terms but rather in the light of the uncertainty which each individual was facing.

In 1978 one could reasonably see "the light at the end of the tunnel" even though it had been announced too often. The big balances were being restored, unemployment and inflation were being stabilized without declining. The second petroleum shock, bigger in terms of value than the first one, would challenge everything and, not out of a refusal to make the effort, at least create doubt as to the usefulness of that effort in the terms and modes used for the past 7 years.

Besides, in October-November 1980, there was an aggravation of the situation and the statistics showed a further rise in unemployment. But public opinion in Paris hardly complained and this was not done by the big headlines in the daily newspapers because this above all involved little shops in county seats with 30 employees here or 50 employees there, in manufacturing or especially in machine-shop subcontracting. The steel industry crisis directly hit the regions involved but public opinion was influenced only by the mass media.

Sociology

In November, the rank and file of France was a little bit worried everywhere, in the countryside and in the city, because it found quite by itself "that this can also happen here." Hence the growing desire to try another policy, with other individuals, with another vocabulary, with other means, to see "whether this would work better." This was the theme of Mitterrand and of Chirac. It did the trick. The French have always dreamed of change without risk. This time they were psychologically ready after 7 years of crisis and while there were announcements of further prolongations, in other words, they were ready to take risks in order to try change.

Amid the shortcomings or qualities which the French traditionally attribute to the left and to the right, one of the qualities normally attributed to the right is that it is a good manager. But, in the eyes of public opinion and in a democracy, can one "properly manage" a crisis of such dimensions? Especially when it follows an exceptional period of heavy growth, full employment, and monetary stability which fatally serves as a frame of reference? The answer from 2 percent of the French--which gives us a four-point spread between the candidates--was to be "no" whereas they had said "yes" just a few years earlier. The crisis had dragged on and France had changed.

If a portion of the hesitating electorate--whose members in the end brought about the decision by just a few points--had this reaction, it is because French sociology and especially the majority of the country in fact, if not politically then at least psychologically, were hostile to the policy that was being pursued. In this respect, the best explanation certainly is the one given by Mr Cathelat whose conclusions I would like to recall at this point (analysis made on 30 June 1981 on French Television Channel TF1 by Professor Bernard Cathelat, director of the Advanced Communications Center).

The political speeches by Giscard d'Estaing as those by Chirac as a matter of fact were addressed only to 30 percent of the French whereas Mitterrand's remarks were addressed directly to about 50 percent of the French. The group of "adventurers," who had been sensitive to the topics of competitiveness and modernization, had shrunk in recent years especially because of the crisis. They had been 30 percent strong but now they were no more than 15 percent strong. Long-term developments had reduced the group of traditionalists, a group which likewise was no more than

15 percent strong because it largely corresponded to a rural France which is in the process of disappearing to the benefit of an urban France and even more so a France of the suburbs. This is the so-called "recentering" group which is in favor of the preservation of gains based on continued employment, a group which henceforth is to be by far the most numerous.

Nationalizations are viewed indifferently or perhaps favorably; inflation is not its main concern. Its main concern is that society should guarantee it its future.

Mitterrand's language as a matter of fact was addressed to that group. During the second round, the "marginals" would make their contribution.

This very interesting sociological analysis appears to be corroborated by a detailed examination of the vote which shows all social-professional categories participating more or less in the success of the left. That was not just the young people, the farmers, and the self-employed people as such. That implied just about everybody, more or less, with a spread of 2 percent either way, including the white-collar employees, the women, and the senior citizens.

Be that as it may. It is true that the earlier 7-year term--too little and too late--had addressed itself to the problems of that middle and tertiary France which is by far more numerous and by far less officially noisy, which the crisis would touch in terms of its relative advantages and even more so in terms of the certainties which it needs. And it was not very much politicized? It would become so, once voting time had come. On the left, there was an alternative and a doctrine. It would vote for the left, a little bit on 10 May and much on 21 June. The basic sociological and political movement would develop the break in the presidential elections during the legislative elections.

I am intentionally using the word in spite of the sociologists who have a tendency to omit it--because French political life undoubtedly is based on numerous forms of behavior but, all things considered, we only have two constant temperaments here: the right and the left. Our institutional system which, for presidential elections, allows for only two candidates for the decisive round of voting, only reinforces that situation. There can be many centrist tendencies; there can be a large majority of French who reject the extremes; but the most important vote for us is a right-wing vote against a left-wing vote where the center as such is wiped out.

The two fundamental temperaments in the beginning came to 45 percent for the left and 40 percent for the right; the candidate who wins in an election in France is the one who loses less votes from his own camp while taking enough votes from the opposing camp.

To all of these reasons we must now add this: The center, conceived and perceived as such, was politically not very strong.

If the subject had not been so serious, one might describe this election as a kind of "musical chairs" game--that society game where there is always one seat less than the number of players. During the first round, Chirac vigorously sat down on the seat of the right; during the second round, Mitterrand established himself strongly on the seat of the left. There was no third chair, the chair of the center--by almost two points.

Considering the difficulties of all kinds which France is facing--and if we want to refuse to have to face a situation where, within a few years, we have to choose only between the extreme solutions--it is this which we must now concern ourselves with.

[3 Sep 81, p 8]

II. What Is Going to Happen

After having reflected on the underlying causes of the political changes in April and May as well as June (LE MONDE, 2 September), Mr Jean-Francois Deniau, a former minister who was the man in charge of Mr Giscard d'Estaing's election campaign, discusses the first initiatives of the "socialist government" and its chances of lasting.

Francois Mitterrand was elected by 51.75 percent of the votes cast. At this stage, there is as yet no flood tide, no euphoria, and no state of grace. But to go back to the excellent metaphor of Noel-Jean Bergeroux, after the dam for which the president was the keystone broke, the sociological and political flood waters which had accumulated are bursting forth¹. This among other things shows the absurdity of the thesis of the "return flow" which tended to make us believe that, Giscard d'Estaing having been eliminated, the French, stunned by having put Mitterrand in office, would massively vote for the right in the following legislative elections.

On the contrary, the movement would only speed up the movement. In a district in Cher, 52 percent of the voters had voted for Mitterrand in the second round; 2 weeks later, they declared that they were satisfied with this election to the tune of 57 percent. The victory thus had led to further victory by five points. These were not just opportunists but rather that category of legitimists who believed that, since universal suffrage had brought about a change in the office of the president, universal suffrage was right. This was also the so-called "recentering" group which henceforth could express its desire for change and its conservative need for certainty or security more broadly in favor of the left.

Among all of the arguments which the old majority was able to use during the legislative campaign which was now opening, none really took hold. The idea that one must not give all power to the same political movement was rejected by the very logic of the institutions of the Fifth Republic which it perhaps took the French 20 years to understand but which is now a fact of life. The Communist Party was not scaring anybody anymore; the possible inclusion of communist ministers in the administration was either simply overlooked as rather unlikely or it was accepted as a natural consequence of the victory of the left. Mitterrand himself was largely credited with the fact of having reduced the CP to a secondary position.

As for the consequences of an entirely Marxist socialist program, here again fear did not enter. There was a majority of positive responses on the bureaucracy, on the property ownership system, on inheritance taxes, on the level of taxation and social contributions, on freedom of enterprise and on education itself, regarding the favorable effects anticipated by each. Of course, among the self-employed

people, among the farmers, the merchants and craftsmen, the PME [small and medium-size businesses]--some of whom had voted for Chirac during the first round and Mitterrand during the second round--were returning to the old majority. But their customers, their employees, their neighbors--they did not come back and they voted socialist. The rejection of the preceding regime did not come on 10 May but afterward, in June, and in spite of all the former majority. Because henceforth there would also be a true and profound popular movement of hope and confidence. The presidential elections took place in a strange climate of laxness, a kind of gentle May 1968; the legislative elections took place in an environment of 1936 calm.

The first measures taken by the administration did not profoundly disturb the euphoria, regardless of whether this involved the replacement, in just a few weeks, of all of the chiefs on radio and television (the French were only too glad to believe that any administration would always have radio and television at its command) or the turnover of half of the academy presidents and half of the prefects. The tacking or contradictions of the ministers regarding nuclear and military policy, on the status of political refugees, on arms sales--these struck only a few specialists or seemed to be due to the normal flux found in any new installation. France's isolation at the European conference in Luxembourg, France's isolation regarding the economic and social conclusions to be drawn from the Ottawa conference--these are subjects for the various foreign offices. Only the rise in the "super" to more than FR4 and the traditional demonstrations of the wine growers and fruit and vegetable growers showed that there are real problems which the incantations and the votes were not able to settle. But all these things can still be considered the sequels of the preceding administration.

During the campaign, Mitterrand said: "We shall see." And the French gave him all power so that "we shall see" and they can go on vacation with their conscience at ease. But once vacation time is over, once the period when one can say with reasonable credibility that everything can be blamed on the others, once that period is over, there is a risk that euphoria might vanish. And the disappointment may well be in keeping with the considerable hope which had been created.

Promises

I am now talking about serious commitments, not about that "right to idleness" mentioned on page 142 in the official text of the "Projet socialiste." General de Gaulle had rejected the idea by responding that, when one was forced to move on to action, one must "either deceive the voter or deceive the country's interests." During his campaign, Giscard d'Estaing had avoided demagogic promises because that is not his temperament and because, if he had remained in power, he did not want to have to go back on what he said. The socialists now must first of all face their own promises, like any elected candidate.

A Mauritanian proverb, which is not only quite strange but also rather Berry-like, says that "he who cannot even promise is very poor." Let us admit that the PS, from that viewpoint, was quite rich. It will now have to pay or it will have to disappoint.

That already happened to the ecologists whose petition prior to the elections had been signed by the biggest names in the Socialist Party, with Mitterrand at the head. A bad compromise would harm France's long-term interests without satisfying

the demands of the antinuclear forces and on television we will see Mr Brice Lalonde who was forced out by the CRS [Republican Security Companies].

One might say that this is not a formal commitment. Let us then take the "100 proposals for France" adopted by the PS at the same time that Mitterrand was picked as candidate.

We have here a promise of an immediate program "of tremendous public works, of low-cost housing construction and community facilities (proposal number 16); reduction in the work week to 35 hours (proposal number 23); encouragement of savings through price indexing (proposal number 26); elimination of the VAT, reduction to a zero rate for daily necessities (proposal number 32)," etc. To be sure, negotiations for the duration of the work week were started and I am in favor, as I wrote in the European program of the UDF. But, as I said at the time, the results can only be very gradual and they can come only within a European framework for which Mr Mitterrand at Luxembourg certainly did not adopt the best approach. As for the other propositions, public opinion may also have to be patient.

Proposition number 60, so dear to the labor unionists and providing for the veto right for the enterprise committees regarding hiring and firing--will it be applied so long as enterprise managers are resolutely allergic to it especially in the PME which provides the basis for our economy and our jobs? And what about proposition number 72 calling for the priority creation of 300,000 additional kindergarten spaces? And then we have proposition number 80, which is so agreeable to the kind souls and to election strategists, calling for voting rights for immigrant workers in city elections? And what about proposition number 105 calling for a reduction in military service to 6 months? I am not even talking about proposition number 106, calling for "increased cohesion in Europe," which, in its peremptory style, sounds just like a little foreman.

In the light of these examples, we know today that the socialist administration is hesitating, that it is contradicting itself, and that it purely and simply sometimes denies the commitment it had announced. In an editorial, the newspaper LE MONDE deplored the fact that the free radio stations were systematically jammed on the day of the 100th anniversary of the law on the freedom of the press. It expressed the hope that this evil symbol would not last. So be it. Let us not despair, and that applies to the newspaper LE MONDE as well as Billancourt. But there is much to be done here.

Apart from any election promises, the mere exercise of power leads to compromises which cannot satisfy all demands and all hopes.

The budget deficit has "only" doubled following a laborious compromise within the PS. Going even further would bring about too many negative consequences regarding the other economic balances. Following that compromise, arms sales were resumed to the Iran of Khomeyni and the Libya of Colonel Qadhafi which certainly are not models of democracy, whereas they had been severely condemned by the socialists and Mr Mitterrand in a public debate. It is the daily exercise of power which is not simple. I see here that, to meet Mr Arafat, one must agree to go into a little bit of lobbying, which is something new. It is my understanding that the minister of state justified the rise in public transportation rates in the light of budget

necessities and the increase in the price of petroleum, which is true, to say the least. I understand the minister of foreign relations saying that we will make a clear distinction between political refugees, who are sacred, and common criminals who must be severely condemned. But everybody knows that the dramatic problem of our time is precisely the problem of political action which takes the form and the means of common-law terrorism. We must thus find a compromise, at least between the competent ministers. I understand that the farmers demand a reliable income --which is quite normal--an income that would be sufficient without having to go on welfare. I have for many years been convinced that a profound reform is necessary in certain of our national and European mechanisms. But such a reform will inevitably change habits and hurt interests. A cell in crisis can undoubtedly find some palliatives, but the basic problems remain and negotiations on prices next March may well bring the moment of truth.

I understand that the Communist Party had promised cab drivers the elimination of the gasoline tax but that the administration forced it to abandon its promise because it would have had to do the same thing for the maritime fishermen, for the farmers, for the midwives, and, why not, for the local elected officials. I understand that it is not easy to govern and that one must each day arbitrate between different interests in order to figure out the one that is least contrary to the general interest. Michel Crepeau, chairman of the left-wing radicals, had found a slogan, when he was a candidate, which revealed rare and perhaps involuntary disdain toward the Socialist Party, his ally. He described himself as the representative of the "realistic left." Can one--when one is responsible for governing--be the carrier of a great hope and at the same time be realistic--for any length of time?

All power--even if it was democratically chosen--remains power, the kind of power which the French sooner or later refer to as "they." "They" have further hiked the price of gasoline. "They" are closing French enterprises instead of closing the borders to foreign products. "They" are on our backs. After the time of hope undoubtedly comes the time of disappointment and this will certainly be followed by the time of "they."

Government routine becomes bogged down and even the disappointments of the various categories do not suffice to turn public opinion back. This is because Mitterrand and the left came to power on a single issue: the crisis, which as far as the public is concerned is marked by unemployment and, secondarily, by inflation. What the French wanted is an administration which would "succeed" in handling these problems; it is supposed to succeed in the sense that one could act as if there were no longer any crisis. During the last several years, Raymond Barre had achieved quite a lot. But the French wanted a miracle. The moment of reckoning will come within 1 or 2 years. Will unemployment be reduced and will inflation decline? Will a continued rise in purchasing power resume?

If that is the case, with the help of the international situation and with the socialists renouncing their program, then the socialists will indeed be in power for a long time. But if the crisis gets worse or even if it continues the way it is, that crisis denied by the opposition during the campaign, then public opinion will think that the socialists were wrong and that public opinion itself has been deceived. That will be the first touchstone. On top of individual disillusionment will come collective disapproval and both of them will strengthen each other mutually.

At that moment Mitterrand will face another moment of truth which is yet to come; relationships with the Communist Party.

The Communists

Mitterrand's double bet in short-range terms is on buying social peace by giving the Communist Party four ministries and not the least either; in longer-range terms, he must once and for all reduce the CP to a secondary role in France. But he has always said that he will not cut himself off from the CP. It is up to the CP to reject the alliance and to assume responsibility for the rupture.

How long will the CP wait before it agrees to play this double game? For the immediate future, shaken by its own errors and having lost a million voters, it can undoubtedly only participate, realizing that four ministries in which it can place its men and organize its fiefdoms were well worth the price of being treated as an errand boy "charged with carrying packages" by an eminent colleague². In short-range terms, the concern with preserving its municipal fiefdoms can persuade it to be patient until March 1983. That should not be too difficult if, as I said before, the situation improves on the only real problem to which public opinion is sensitive, the problem of unemployment and the end of the crisis.

But if unemployment gets worse and if prices keep rising, it will no longer be able to cut itself off from the discontent of the rank and file. To preserve its future, it will have to act. This is because Mitterrand's second challenge--the long-term challenge--also faces the Communist Party. Today Mitterrand seems to be winning on that score but the game is not over yet. Mitterrand has won the game politically but not socially. He has reduced the CP but not the CGT [General Confederation of Labor]. It is however the CGT he will have to be dealing with.

The Moment of Truth

Someday, within 1 or 2 or 3 years, there will come, not the minute but the hour of truth. Adaptations are easy during periods of growth and contradictions are wiped out in the course of the movement itself. But if the crisis continues, then the moment of truth will be all the more harsh when it will appear that there is almost nothing in common between the Communist Party, its men, its methods, and its objectives, and Messrs Delors, Rocard, or Badinter. Neither on foreign policy toward the USSR and the United States, nor on domestic policy regarding the concept of democracy, nor on economic policy and the role of competition, the free market, European integration, and international competition.

Here indeed is the internal contradiction of socialism. Mr Mitterrand will be judged by the French on his success in handling the crisis. But Mr Mitterrand will judge himself on the transformation of society and the creation of a new socialism which will bear his name. Today, because he needs them in the fight against unemployment, he calls upon the help of the spirit of enterprise and the small business owners and he is looking forward to certain reforms (especially regarding the threshold effects of our regulations) which I consider desirable. But what about tomorrow? The "strategy of rupture," defined by his party, on his own impetus, is being launched in various areas at the same time. Will the two contradictory objectives be pursued simultaneously? That is an illusion. Or one after the other? That is foolish.

One can fight against the socialist blueprint but one cannot accuse the socialists of wanting to apply it. For several weeks I tried to make the French understand that this program will be implemented. That the Socialist Party cannot long pursue its double objective and thus continue with its double language. While Mr Mitterrand declares in public that it is necessary "to enhance the image of enterprise managers in the country,"³ will the Mitterrand movement for the socialist congress of valence always describe business as "the place of alienation and exploitation"?

The moment will come for him to choose between a social-democratic management of the economy which the CP can only condemn and a hardening of his regime in every respect which perhaps will not save the alliance with the Communist Party but which at least will maintain the unity of the Socialist Party. Taking the second assumption, he will have to get rid of the liberal-oriented minority wing which will furthermore be accused of being responsible for the failure (some people already declare themselves to be destined for this role of whipping boy). I am afraid that it will be this latter assumption which will triumph.

For the first time, France is being governed by a political party and that party contains a majority whose thinking one can read in the 370 pages of the "Projet Socialiste." Karl Marx is quoted there 23 times, the class struggle is mentioned almost everywhere, especially regarding the emancipation of the women "from which it cannot be separated." French liberal society is described as a kind of gulag, in terms close to hysteria. The French, in voting for Mitterrand and the left, believed that they were electing Rocard and putting in a social-democratic management team which was a little warmer than the earlier regime. They put properly doctrinaire socialists in place. At the time of choice, this fundamental misunderstanding may well weigh heavily.

Almost any really socialist system implies isolation as a necessity and a certain "totalitarianism" as a means. By this I want to say that a form of socialism can succeed only if it is "protected" from the outside (unless all of Europe in a body follows the "A" current of the French Socialist Party) and if, domestically, it has all instruments completely at its disposal. This is why the left wing of the Labour Party has always rejected European construction; for it, participation in Europe, by removing the instruments of power (customs duties, quotas, farm policy, price controls on trade, etc.) would destroy the possibility of achieving a socialist society in Great Britain.

For the theoreticians of the Socialist Party, in France likewise there will always be a need for intervention, for taking over, for control. And there will also be always a need for another quarter hour. In an article devoted to "Socialism of the Third Type," neither communist nor social democratic, which is the objective of Mr Mitterrand, Professor Duverger worries--and I worry--about the means for assuring, after 1986, the continuation of the current regime and thus the chances of its success⁴.

This is so because Mr Mitterrand has taken for his model neither the German Schmidt nor the Swede Palme but the Chilean Allende; as he said himself, "an Allende who will be successful." His ambition is great and is not confined to change without risk which is so dear to the French, in 1981 as it was in 1974. His ambition is to create that socialist model which will mark the history of France and the world and for which Allende himself had given him some advice, which in particular was

not to do too much too quickly to the middle classes and not to allow a big opposition newspaper, which could mobilize public opinion, to continue to exist. A foreign chief of state, a wise man among the wise men, told me recently: "I am afraid of politicians who want to prove something." Mitterrand would like to prove that his type of socialism can succeed, here and elsewhere. The temptation will be to rush forward by hardening the regime in all areas.

For that day and in that eventuality, one must be ready. Our democracy will not rest on excessively violent movements of the scale. Extreme right-wing remedies must not come in response to doctrinaire left-wing solutions. In Great Britain already we can see the difficulties Mrs Thatcher is facing after the failure of the Labour experiment. No, if alternation in office is to work and to make sure that the most reasonable alternative will carry the day, we need as of now a sufficiently organized opposition and a sufficiently strong center. That is the task awaiting us.

FOOTNOTES

1. In the article entitled "The Strategic Mistake," LE MONDE, 17 July 1981.
2. Declaration made by Mr Cheysson, foreign relations minister, on 25 June, LE MONDE, 27 June 1981.
3. Declaration reported by Mr Beregovoy at the end of the cabinet meeting 19 August.
4. LE MONDE dated 18 and 19-20 July 1981.

[4 Sep 81, p 7]

III. What Has To Be Done

At the end of his reflections on the political changes brought about by the presidential election and by the legislative elections (LE MONDE, 2 and 3 September), Mr Jean-Francois Deniau, a former minister, who was Mr Giscard d'Estaing's campaign manager, talks about the duties of the new opposition, its chances and the obligations of the center.

The French are sure that they put in a social-democratic government which will guarantee this change without risk which has been their almost permanent desire while solving the unemployment problem in a positive fashion. Unfortunately, France faces the risk of more serious tensions or troubles. The majority of the Socialist Party is not social democratic and its official doctrine is that of a radical change of society, even if it must be progressive, not based on the Swedish or West German models, which the French consider to be rather successful experiments.

Unfortunately, likewise, the crisis may well continue thus aggravating the tensions. Either President Mitterrand will have to abandon his ambitions and the

current opposition can play a role which would not seem only negative. Or, as one might well fear, the regime will become tougher, realizing that it is partly its social-democratic character which did not enable it to succeed and, in that case, the opposition must get ready for a fight.

Organization of Opposition

We will come back for more detail concerning what happened in the former majority, if only to understand what happened and to take action. The Socialist Party has all power at least for 5 years. An opposition must be erected against it. That is not yet the case. I expect nothing to come out of an opposition "charter" which would be granted by the new regime. Charters as such must be established by oneself. The first obligation is a minimum of understanding and cooperation between the various components of what the majority may be and, to be quite blunt, between the UDF and the RPR. We wanted that when the former majority was in power, deploring the fact that the more specific rules of the game had not been drawn up. This is even more necessary when one is in the opposition. We must not lose our identity in any way whatsoever, nor must we deny our convictions. But an opposition that is too heavily divided is not credible in the eyes of public opinion, even less so than a coalition government.

During the last campaign I was able to see that the difficulties and even the rancors were not new but often went back several years. Let us not believe that we are once again in opposition to each other. If we must be in disagreement--and this is normal when there are points of disagreement--let us at least get together on the definition of the areas of cooperation, nonaggression, and divergence. "To agree, to disagree," say the Anglo-Saxons.

The French political system, we find once again, has as its keystone the presidential election where we get only two candidates in the decisive round. The one who wins is the one who loses less votes in his own camp without being totally rejected by the other camp. The one who wins is the one who can get 51 percent of the votes. Many party leaders can hope to get 10, 20, or 30 percent of the votes. Under the French political system, to be effective, you have to have the reasonable hope of someday getting 51 percent. It is that 1 percent which controls everything.

We must therefore have an organic alliance in the opposition which would permit such a result. Of course, contacts do exist and will exist on the level of parliamentary groups. They are indispensable. But the tactic of amendments, abstentions, or negative votes on the occasion of debates and the tit-for-tat will no longer suffice. We must undoubtedly think further ahead. Can a high-level brain trust help us? Do we need a permanent contact group on a more modest level? I do not know. But what I do know is that victories are prepared in advance. Unfortunately, we have also seen that defeats are also prepared.

Strengthening the Center

Politics involves a strange kind of mathematics which has its postulates and its lines of reasoning and they are not always those one teaches us in geometry. Euclid never knew universal suffrage, and vice versa.

The definition of the center which geometry gives us is a point that is equidistant from all points on a circumference. In politics, this definition applies only to the extent that the center is above all perceived as a rejection of extremes, that is to say, of extremists. In France, the middle way, the precise dead-center, gets a rather good press and the extremists do not. How does it happen then that the center is not regularly and systematically in the majority?

The word center comes from a Greek term which means "point." In politics, it entirely too often corresponds to a vague image, not to say a hesitant image. This is so because the only two really dominant currents in French tradition are the left and the right. And to be a centrist is above all viewed as a rejection of that which goes too far to the left or too far to the right. This gives us a blurred area, a degree of personal estimation which, on a case-by-case basis, is entirely too contrary to the idea of a proper and independent force.

We must henceforth make sure that the center will be both a point and a circle and I would say perhaps even several circles. Diverse by virtue of its origins, it must cover the broadest sectors of public opinion and, since that is its nature, it must also be along the peripheries, touching the largest number possible. But if we do not want it to appear as being inconsistent or incoherent, we must also make sure that it will have its point or, if we prefer, its hard core.

Freedom to vote is a tradition of centrist movements and I believe that is entirely to their credit. The fact that, on a particular socialist motion, one or the other centrist deputies might vote in favor while another one might abstain or yet another one might vote against, can be considered as a part of our liberal traditions and that is of course to the credit of each individual's intellectual honesty; but it may also give the false impression of dispersion or personal machinations. Here again we need a rule on the areas in which we can disagree (for example, the death penalty) and those areas where we must absolutely stand together, regardless of what we may think. We need a rule that is easily and clearly explicable.

After the failure of the Dardanelles operation--an operation entirely set up by him--Winston Churchill resigned and joined the army. After several months, major political events were taking shape in London; he felt that he would be more useful in the capital than at the front and wanted to return. His wife dissuaded him in an admirable letter. She reminded him that, when he reported for duty, there was no need for him to make a speech to explain his move. If he left the army, that move would be long and difficult to explain. In politics, only those moves are good which one has the least need to explain.

Regarding the votes of the center or its positions on any event, we must therefore make sure that the public will easily understand the line inspired by them and the criteria that were involved, regardless of whether there was agreement or disagreement. Voting with the center is not the end of liberty. This is the minimum discipline without which there can be no center.

Doctrine is a word which I do not like much and I distrust the doctrinaires. But it is indispensable in order practically to define such attitudes, to have a doctrinal reference frame. Doctrine was not our strong point either. Besides, the

CDS, the radicals, the social-democratic movements, the PR in this respect had varied heritages certain of whose aspects were by the way picked up again by the current regime. Let us not try to blend everything in the style of congress motions. But, in the face of the exercise of power by the socialists and communists, we must know what we think in order to be able to tell public opinion like it is. Here again, we must establish a kind of minimum theoretical base, even though nuances may emerge on certain aspects. The first task is to spell out the areas where our conceptions must be most united and strongest. Europe, freedoms, of course, but also, because that is the main concern of the French, economic and social policy.

The Constitution admits the possibility of nationalizations in case of "public necessity." What is public necessity today? What are the best ways to respond to it? Are we in favor of budgeting social security or, on the contrary, are we in favor of strengthening its insurance company character? Are we opposed to any revival and, if not, under what conditions? What enterprise statute would seem acceptable to us and what role would seem desirable to us as far as the labor unions are concerned? Are we in favor of the departments rather than the regions? Responses cannot be improvised. I will come back to that. They must be tied to a line of thinking which cannot be liberalism in the sense of "let everyone do as he wishes, let everyone go"--which is totally inapplicable in France and furthermore which has never been applied here anyway.

The real problem at the end of our century--a problem which is only aggravated or made more sensitive by the crisis--is the problem of the search for a society which would reconcile these two urgent needs which are always contrary to the need for liberty and the need for security (and that does not involve the law which bears that name). In economic, social, professional, and family life, what is the level or what are the types of risks that are still accepted and those that are no longer accepted? But what is the share of responsibility, in other words, of risk, which must be safeguarded because, without it, there would be neither talent, nor creation, nor, undoubtedly, liberty? And what in each case are the best ways and the best levels of intervention: the federal government, the enterprise, the family, group life, or nothing? This is the basic study that must be undertaken in view of the classical Marxist debate on formal liberty and real liberty largely summarized in the socialist blueprint. The preface to the socialist program says something like this: Freedom will be a socialist freedom or there will be no freedom. That is a nice thing to put down on paper but it is quite dangerous to see it happen. It is up to us to propose our own model which must go beyond the questions of simple daily management of the country as a whole.

Reflection and Propositions

Our opposition will carry all the more weight and will have all the more credibility as it turns out to be capable of manifesting itself not as the expression of spite or reaction but as the fruit of reflection. And it must at the same time address itself to propositions as such. At the time when the former majority was in power, such an autonomous effort of reflection and proposition might have been obstructed by the parallel exercise of that power or it could have appeared less necessary. But that is all over now; the proposition must criticize, if that is the case, and

each time come out with its own solutions. Doctrine must support criticism just as it must lead to a program.

I do not yet know how the regime of Mr Mitterrand will be oriented and it is not certain that it knows precisely which way it is going to go itself. Let us not wait for somebody to dictate to us all of the texts on which we could express an opinion. During the months to come, let us ourselves say what we would do. There is much reason to fear that the regime will get tough and this will be expressed by generalized government control, even though this is not the option actually advanced. Let us announce that which we would denationalize and that which we would not denationalize. Let us publish our reform of business and taxation. Let us reveal our solutions for agriculture, our ideas for the civil service statute, our concept of freedom of information, our suggestions for administrative simplification. Let public opinion know at the same time what we want and compare that with what is being done in fact.

After so many years in power people might say that we are not going to be believed. "But we are no longer in power." For those who are in power now, the honeymoon will last a few months. It is over when, for those who no longer are in power, the state of innocence is recovered. But we must get rid of the habit of talking about the "reconquest of power" as if everybody wanted to resume his earlier place. We need organized and well-reflected opposition to win power some day and to bring triumph to that which we think is best for France and the French--and those are the issues we must now arrive at an understanding on.

A doctrine and a program cannot be improvised. Nor can serious criticisms. This is why, in organizing the opposition, the think tanks must play a fundamental role. Such clubs do exist. They must find a new reason for dynamism in the fact that we are in the opposition, realizing that reflection cannot be separated from action. Their makeup must be broadened and some must specialize more. One of the aces of the socialists, when they were in the opposition, was in particular the large number of high-grade civil servants who were sympathizers even more often than they were militants and who helped the PS with their advice and their research. On the big poster in his campaign where Mitterrand presented himself with his team, you can see how he was elected by universal suffrage. You will be surprised by the result. In a country such as France, where the intervention of the state is so diverse and so important, it is practically impossible to judge government blueprints without the contribution of those who helped draw them up, it is impossible to judge its action without the opinion of those who participated in it. Our liberalism had allowed all that. Our desire to prevent the Marxist doctrinaires or the experiments of the "third type" to ruin France must make us act in this field as in those fields where we let others do what they wanted to do. We need reflection and action clubs in each town or department but also in each ministry. It might be worthwhile to make sure that, in the latter, there are only civil servants.

We need a party. During the campaign, Mr Mitterrand, to illustrate his ability to rally the French, gave the example of the Socialist Party which had reunified itself and transformed itself. We must think of what the UDF must become. A solution already exists on the level of the parliamentary delegation. The problem involves political structures. When we are in the opposition, can we afford the

luxury of distinctions or rivalries among tendencies even if they are based on distinct and highly honorable spiritual families? I no longer believe that. We must hereafter look toward merger under the same initials or under different ones; merger does not mean the end of these differences. After all, I do not think that there was much more difference between the various components of the UDF than between the various currents of the Socialist Party. Some people may reject that --so be it. Others will accept the idea. As far as I am concerned, the center is a point, just as much as it is a circle. We might even visualize several circles which we might hope would be concentric in place of the current opposing formations. There will have to be a hard core and certain approaches. There are going to be defections but, I am sure, there are also going to be adhesions and rallies. This is the price and the advantage of clarity.

The "shadow cabinet" is not a part of French traditions. Let us drop it. But, at least, let us settle the problem of adopting public positions. In the current juxtaposed system, every declaration entails the fateful risk of appearing to be the expression of one of the components or a personal move. Henceforth we need spokesmen who will be qualified to speak on certain subjects such as foreign policy, local communities and decentralization, social policy, economic issues, etc. With this kind of division of labor, established either by statute or by the chance of circumstances as the individuals happen to establish themselves, it will be the impression of coherence and the credibility of the center itself which will get stronger.

Finally, we need credibility in our men. Nothing replaces the return to the grass roots through democratic election. And nothing replaces a leader who is accepted by all; the law of politics being what it is, I would like to recall that the leader is the man who can create reasonable hope of some day getting 51 percent of the votes.

Action Priorities

Political action is not only political. There is in France a sociological center which is much vaster than the movements that claim to subscribe to a centrist ideology. We must learn all about it and help it get organized. This tertiary France, this middle France, which constitutes the broad majority in the country, is usually not the politically most motivated in the sense of registering with a national political party. We must develop two supplementary approaches--participation in local life and participation in association life.

Participation in local life assumes a priority character with the current decentralization projects. It remains a training school and a network of influence. The opposition can no longer be content with replacing some more or less sympathizing personalities who adopted the habit of becoming "apolitical" and who say that they are as efficient as they are discrete. It can no longer be content with episodic surveys only at the time of votes. We need above all new women and men who will assume continuing responsibility in the field. We must train them and help them. There are several associations of elected officials whose majority of members was not in favor of the social-communist regime even though they did not always say so. These associations must be strengthened in the sense that they must be capable of

really rendering services. They must be able to make available to their members specific specialists in budget techniques, taxation, public law, etc., and they must play the role of a permanent council. This is what the Communist Party is doing on a large scale through the organizations which it has under it and with the methods which are its own. Let them keep their methods but let us be inspired by their effectiveness. Do we have a problem of funds, that is to say, membership contributions? The current membership dues are small because the services rendered are poor.

Association life is developing rapidly in France. It is one of the foundations of a modern democracy. Here again, left-wing movements have found the men and the means they need. We must do the same thing and even more. (Undoubtedly only among us, the CDS, by virtue of its Christian-Democratic tradition, has a presence and an action which are very systematic in certain sectors.) Priority must henceforth go to participation and responsibility in the largest number of sectors possible, regardless of whether this involves sports, family, or environmental associations, PTAs, associations of users, associations of consumers.

Some of them of course are "countergovernments." That is not where the political center is as yet; that is where we already find the sociological center or centers; that is where one of the opposition forces may be tomorrow.

Finally, we have information. There is no opposition if we do not know what it says and what it proposes. There is no opposition if public opinion cannot be alerted and possibly mobilized. That is the job of the big dailies or weeklies, of course, but also undoubtedly it is the job of the bulletins or the more specialized newsletters which provide general political information and analyses as well as information of a technical nature. The French are interested in politics, in the usual sense, at the moment of the most important elections. In between, they are more like spectators or like readers in politics. But they are every day actors in their own lives, both on the job and at home with the family. Information through the opposition cannot overlook this daily life which for many people is the only "real life."

The future is long and the Constitution is precise. The president of the Republic is elected for 7 years and the deputies are elected for 5 years. The purpose of an opposition is not to engage in systematic denigration. That is not in the nature of the center. Its nature on the contrary is to "make a selection" among administration actions by judging that which is in keeping with the real interest of the country and that which is not. Can I give you an example? I am sorry that we French have not yet granted French citizenship to some political refugees with a recognized literary talent. But that is only a secondary thing. Others may be found. And I believe that we will be even stronger and our criticisms will be heard even more if, when the situation arises, we respond the way we should, at least to the extent that our positions can be tied in with a clear and explicable line, as I said in the beginning; and of course so long as certain fundamental principles have not been challenged by this regime. This is so because there is also a stage when we must no longer say just "so be it" or "perhaps" or "no." We must know how to say "whoa"!

The purpose of an opposition is not to put intentions on trial because in that case nobody would listen to him; nor is it to push for a policy of the worst by in advance rejoicing over the country's misfortunes because that would be odious. The purpose of an opposition is to defend our concepts by expressing them and to get our fellow citizens to help us. A strong opposition is indispensable. Its purpose is to be very useful. Useful through its proposals and through its action as of now. Useful by preparing the future so that there may be a change in government and so that when that day comes, it will come in the most reasonable form possible. The future is far off. But it starts today.

Editor's Note. The sociological analysis by Mr Bernard Cathelat, mentioned by Mr Deniau in the first of his three articles, was released through TF-1. A copy may be obtained at the price of F10 by writing to Emission Questionnaire, 75825, POB 104, Paris, Cedex 17.

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MAUROY: INDUSTRY, BUSINESS, EMPLOYMENT, BUDGET POLICIES

Paris LE MONDE in French 17 Sep 81 pp 6, 8, 9

[Text of speech by Pierre Mauroy, prime minister, to the National Assembly on 15 Sep 81: "Mauroy: the Leaders of Business Must Understand that Social Progress in Business Is a Condition for Economic Progress"; introduction by Laurent Zecchini]

[Text] The first censure motion made by the new opposition--the 44th since the beginnings of the Fifth Republic--got only 154 votes toward the required majority of 246. This vote, which took place on the night of Tuesday-Wednesday, 15-16 September, was preceded by a stormy debate because of the opposition's desire to oppose Mauroy's remarks systematically.

At the origin of the submission of the censure motion was the RPR group's intention to keep the spotlight on this session, despite the prime minister's general policy declaration. Surprised by a tumult that kept growing in the evening session, Mauroy presented the broad outlines of the government's economic and social policy while being constantly interrupted by the opposition deputies.

To this end, Mr Vivien (RPR) played the role of banderillero, a role that he has liked and excelled in for a long time. By his provocations, the Val-de-Marne deputy got beyond the prime minister's patience at least once: when Mauroy proposed to reduce unemployment among youth by giving them the task of developing the forest massifs, his appointed contradictor cried out, "Marshall, here we are!" The prime minister's retort: "As you know, a certain grande bourgeoisie and those who defend the biggest interests chose to follow the Vichy government so as to take their revenge!"

Denouncing the "blind censure" by an opposition that did not want to wait for the government to set out its proposals, Mauroy made the point that the true censure had been expressed by universal suffrage on the occasion of the voting last May and June. The prime minister also issued a strong appeal to the leaders of business, on whom economic revival partly depends. They must understand, he stated, that social progress in the firm is one of the conditions for economic progress and that the left, contrary to the right, brings them a social climate of negotiation and not of confrontation,

and he added that they should form their opinion on the basis of the government's actions and not in function of their prejudices. Anxious to cut short the political exploitation of measures insufficiently explained, Mauroy stressed that the family-quotient ceiling will be applied, for example, to those wage-earners who, with three children, have incomes higher than Fr 32,000 per month.

Next, defending the RPR's censure motion, Mr Labbe denounced the "simplistic and unsound" concepts which, according to him, the government's proposals express, as well as its "powerlessness" to combat unemployment. "You've got a lot of cheek!" Mr Jospin (PS) replied to him. The Socialist Party's first secretary recalled that the preceding government delayed a number of layoffs and increases in public rates before the elections and spoke ironically of Labbe's "frustration" in the matter of censure. Mr Gaudin (UDF), backing the RPR's initiative, declared for his part that France is discovering that the Socialists were not ready to govern.

Mauroy, aware that all effort on his part to explain the government's economic options was running up against the posture of derision taken by the opposition, stressed the cohesion of the parliamentary majority. Mr Marchais (PCF) declared, in fact, that the Communist Party holds a "favorable judgment" of the action undertaken, while at the same time stating that it should be "accelerated."

In the evening session, the prime minister, visibly fatigued, undertook--somewhat laboriously--to reply to the speakers. It should be said, in his favor, that the opposition did not facilitate his task. Even Mr Barre was seen banging his desk!

Following is the text of the general policy declaration made by Pierre Mauroy to the National Assembly in the afternoon of Tuesday 15 September.

Two months ago, from this same platform, I presented the government's program and objectives for the duration of the legislature. I will not go back over that. I simply repeat that those commitments will be honored. The 5-year plan that will be presented to you in 1983 will ensure the complete achievement of our objectives and will set the pace of our approach.

Despite all the commentaries about the end of the "state of grace," the French are confident and clearheaded. They understand the country's real situation. They know that the France that we have taken in charge is sick of your policy, ladies and gentlemen of the opposition. The French are suffering the results of your balance-sheet.

You poured out promises and reports. You did not translate them into actions. What became, for example, of your business reform, support for associations, the fight against drugs, improvement of the suburbs, reduction of inequalities, improvement of the quality of life through the years? And what is to be said about the condition of the manual workers and the fight against poverty!

You were not capable of seeing the economic crisis coming and you underestimated its consequences. You renounced any real planning effort. You managed your budgets from day to day, without trying either to throw light on the future or broaden the horizon. You complicated the tax system without making it more just and more effective. You let inflation increase faster than in our partner countries. You were incapable of conceiving an industrial policy. You limited yourselves to ad-hoc rescue operations. You tolerated the steady drop in average agricultural income from 1975 on, and you tolerated unreasonable indebtedness for the farmers. You let our research apparatus waste away, and for 7 years you scorned social dialogue. In the last months, you let the economy lie fallow, and you left social progress in abeyance. Finally and especially, you accepted unemployment, even though your own experts had shown for years that your policy was aggravating the burden of it. This is your balance-sheet.

And this, then, is the France that the French have asked us to change. They ask us for more solidarity, security and prosperity. They ask us for less bureaucracy, centralization and rigidity. To those who are already disturbed, to those who find that we are going too fast, I would simply reply: ask the 1.8 million unemployed whether they can wait. Wait for what? To be joined by 100,000, 200,000, 300,000 more unemployed?

And need I remind those--ladies and gentlemen of the opposition--who want to censure us that the 8th Plan's forecasts predicted, in the name of respect for liberalism, 2.5 million unemployed? It is this drift that the French massively rejected last May and June. It is this society that the government rejects. It is that which it has undertaken to change.

Putting France Back to Work

The objective is clear: to put all of France back to work. And first of all, to halt the increase in unemployment. This will be neither easy nor rapid. Our predecessors' fault was to accept unemployment as a necessary evil, as a balance remaining after the other economic variables have played their parts. Such a passive view was a serious misreading of the realities of French society, and the sanction of universal suffrage has so proven. For work is more than a means of subsistence, more than a source of income. It is by work that women and men integrate with a society. We have seen, in a neighboring country, what despair and violence the veritable banishment that lack of work constitutes can lead to.

We refuse to be resigned in the face of the rise in unemployment. We refuse to allow the social fabric to come apart under our eyes. We call the national community to mobilization for employment. There is no fatal necessity of unemployment, and the government proposes to you today the means for regaining the ground lost. My mission as prime minister is to lead this collective battle. Our plan of struggle attacks the two roots of unemployment: to the production crisis we respond with new growth, and to the social mutations we respond with a new division of labor.

The crisis of production for the Western economies is the impossibility of finding naturally a level of growth comparable to that of the 1960's. The cost of energy, the monetary disorder, the emergence of new industrial countries, the impoverishment of the less advanced countries, oblige us to effect a real conversion, a new growth. In the face of this necessary adaptation, alternate waves of optimism and pessimism

are sweeping over our societies. Our predecessors chose to fall back. They went along with recession and nourished uneasiness.

The left is stubborn and optimistic. It calls on the country to take up the challenges that have been issued to it. It has the capacity for them. That is why the president of the republic and the government propose to you that we go for the maximum growth possible--that is, at least 3 percent from 1982 on.

Robert-Andre Vivien (RPR): "Illusion!"

How is this rate to be achieved? By rediscovering an industrial ambition for France: yes, we must dominate the new technological revolution. For one of the causes of unemployment--let us not deceive ourselves-- is, in the face of this imposed mutation, the inadaptation of our production apparatus, of its modes of management, projection and training. It is the inadaptation of a system of social charges that is too much of an impediment to employment.

It is not a matter of rejecting robotics or data-processing. It is a matter of managing this mutation while respecting people. Our society, which is too exclusively centered on production values, must not ensure the relative prosperity of some by relegating others--3 or 4 million of our fellow-citizens--to the sidelines. The productivity gains made possible by technical progress must benefit the whole of the national community. And in particular, by a rapid reduction of the work week that permits a just distribution of the workload among all the French. This is one of the essential means for getting mastery over the mutations of French society. For the increase in unemployment is explained also by sociology and demography.

Women, after winning the right to vote, are very quickly demanding the right to a job, the preferential means to their social autonomy. Rural France has become urban. It is time to brake this exodus by creating jobs in the rural milieu, by processing the products of agriculture and of the forest on site. We have therefore doubled, in the draft budget for 1982, the allocation for setting up young farmers.

France has got younger. For 17 years, just after the war, the numbers in the age groups doubled [as published]. These young persons from 20 to 37 years old have gone on to become the dominant group of French society. Today they are contributing to an accentuation of the imbalance in the job market, just as, some 15 years ago, they put a crack in the framework of national education.

Need I remind the many children of May 1968 who are sitting on these benches today of the upheavals caused by the breaking of that demographic wave in higher education? In the same way, in 25 years they will cause the collapse of the pension system if no preparatory measures are taken. We have therefore set ourselves to dealing with the problem of unemployment without losing sight of the constraints of the coming decades.

Our predecessors registered this datum as an additional unavoidable event in the "management of the unforeseeable." Such is not our attitude. On the contrary, we think that it is this new blood surging through the French body social that enables it to regain boldness for change, that enables it to pose the relationship of people to production in new terms. This is why we want to change life while enabling employment to express the diversity of society and of individuals. Ensuring greater individual liberty means first of all enabling each to be master of his time.

Only the left could guide this cultural mutation. It should be committed all the more boldly in that the conjuncture of the economic crisis and of demographic structure offers us a unique opportunity to modify behavior and habits.

Reconciling the French with Their Industry

Reviving growth, sharing out work, means first of all, in the France of today, reconciling the French with their industry. The French want industry, but they do not like their factories. It is our project's ambition to put an end to this paradox. There will be no creation of jobs in this country without industrial development.

There will be no industrial development in this country if the conditions of work and life in the factory continue to discourage the wage-earners. I call on the leaders of business to understand--and the most dynamic of them have already done so --that social progress in the enterprise is a condition for economic progress.

The wage-earner in the enterprise must remain a citizen. Our intentions are clear. There can be no duality in the management of an enterprise. The workers, through the intermediary of their trade-union organizations, must be able to make their voices heard. The enterprise committee is not charged to decide but rather to track the progress of the enterprise and inform the workers. The enterprise committee cannot have veto power, especially over firings. On the other hand, it has the right to be informed. The law will be applied. It will be improved, in order for the enterprise committees to function better, in order for them to exist wherever they should exist.

In particular, the workers should be closely associated with the detection and prevention of industrial injuries, of which they are, after all, the immediate victims. In this regard, the government is determined to put an end to the incoherencies of legislation that organizes the liquidation rather than the survival of failing firms. You will have the task of debating, during this extraordinary session, an initial bill on this subject.

Mr Vivien: "One more!"

Mr Mauroy: "It is spite that makes you speak, Mr Vivien."

Mr Vivien: "All this is just so much talk!" (Many voices break out on all the benches.)

Mr Mauroy: "You have not really understood anything! In any case, if you want us to offer the French people a debate worthy of them, you would do well to keep quiet, Mr Vivien."

The trade unions, representing the workers, must be able to negotiate with the firm's responsible official on pay, working hours and conditions. The French company can no longer remain closed to the concertation and negotiation that must become the normal ways for prevention of conflicts, for solution of problems.

I am thinking mainly of the small and medium-size firms, in which the social legislation is too often ignored. The government's exceptional efforts in favor of these firms will have to be accompanied by a parallel effort for the rights of the workers to be totally respected.

I urge the leaders of business to reflect on this new datum. The president of the republic is elected for 7 years, and the National Assembly for 5 years. To implement the policy approved by the French, the left has the means, the time and the will. Never has the government thought that creation of jobs could be done without or against the leaders of business. It knows that they need to understand precisely the framework of their action, the rules of the social game.

I have heard the most authoritative voices among the employers explain to me that the wait-and-see attitude of the business leaders in the matter of investment, and hence the creation of jobs, derives from their ignorance in this area. It must therefore be noted that investment dried up well before the arrival of the left in power.

Thus the political pretext so often used loses all credibility. Will the leaders of business understand that the left in power brings the entrepreneurs what the right has never been able to assure them of: a social climate of negotiation and not of confrontation, a planning that vulgarizes the future?

In all sectors of industry, agriculture, crafts, commerce, France has enterprises that are remarkable for their performance and are managed with enthusiasm and faith. The business leaders, the management staff, the wage-earners who make them up have enabled these firms, despite the disorder of the liberal society, to assert their presence and their competitiveness in the international marketplace. They can and must maintain and amplify this effort. We are resolved to help them do so.

The government is not seeking a solution to the country's difficulties in state control. Let the business leaders who are fearful take the trouble to listen to us. Let them form their opinion on the basis of our actions and not in function of their prejudices.

(Exclamations on the UDF benches)

Like them, we want France to get together with growth again. This is the condition for our common prosperity: that of the citizens as well as that of the enterprises. This is the condition for beating back unemployment. That is why I will set up, before the end of the year, the Higher Council for Industrial Development, which will bring leaders of private and public enterprises together with the prime minister and the minister of industry.

In order for the will to be a general one, it is necessary first of all for the economic policy to be clear. And first of all I want to point out that we have not waited to initiate the revival of activity and to give the enterprises initial means for playing a role in it.

The social measures immediately decided upon on 3 June and aimed at developing popular consumption have been accompanied by an arrangement for compensation for the increase in charges resulting from the 10-percent rise in the SMIC [Interoccupational Minimum Growth Wage]. More than Fr 2.5 billion has thus been taken in charge by the state so as to avoid an excessive burdening of the enterprises' costs. This unprecedented arrangement has been supplemented by the offer of exceptional treasury advances to the PMI [Small and Medium-Size Industries].

To reverse the strong downward trend of industrial investment noted in the first half of the year, in June the government raised to Fr 17 billion the total package

of government-backed long-term loans, and increased by Fr 5 billion the FDES [Economic and Social Development Fund] loans going to industry. Furthermore, it has created the conditions for a 2.5-point drop in the bank prime rate. Quite recently, the minister of economy and finance made the credit framework more flexible. Finally, the rectifying law of July provided for the startup of 50,000 new social housing units and initiated the revival of the construction sector, whose outlooks had severely deteriorated during the first half of the year.

Thus, by deciding on a measured revival of domestic demand equivalent to 1 percent of GNP over a year, spread out gradually over the last 6 months of 1981, the government has created the conditions for an economic recovery. This effort will be extended.

The New Growth Ordered around the Plan...

The new growth will clash with the anarchic liberalism that has failed because it has left the enterprises and the workers adrift at the mercy of the market currents and decisions dictated to them by the money powers, national or foreign. The new growth will be more deliberate--that is, ordered around a plan, an active budget, a dynamic and driving public sector.

(Mr Vivien: "And around devaluation!")

The 2-year interim plan that will be submitted to you in December will show the coherence of the economic strategy.

(Mr Francois d'Aubert--UDF, Mayenne: "Mr Rocard does not agree on the subject of nationalizations.")

Mr Mauroy: "I fail to see that this observation contributes anything to the debate. (Applause from the Socialist benches) I hope that when we discuss your censure motion you will have something different to say! For the moment, let the government explain its policy."

Deliberately selective, it will propose specific programs that have a significant impact on employment. By way of example, we will be able, if you pass the budget that will be submitted to you, to finance, next year, a great effort in energy-saving and promotion of renewable energy sources in housing. To this end, a specific and unprecedented tax deduction, equal to Fr 10,000 for a family with two children, will be added to strongly increased subsidy allowances. The government's intention is also that the plan should fix clear and stable rules of the game in the areas that affect daily life and the competitiveness of enterprises.

...the Budget...

Our budget for 1982 will be a generator of revival. It will be a growth budget in the full sense of the term--that is, a budget for employment. The deficit, which will be around 2.6 percent of GNP, will be no longer a recession deficit but rather an incentive deficit. It is still reasonable since in recent years, the public administrations of countries such as the FRG and Japan have had deficits distinctly in excess of 5 percent.

In the matter of direct creation of jobs, 61,000 positions will be offered in the public sector. This increase in staff is made possible by a rigorous pay policy, providing for maintenance of the buying power of the employees in service.

In the social domain, the minimum old-age pension for a single person will be raised to Fr 2,000, and family allowances will be increased within the framework of an overhaul of family allowances.

The housing allowance will benefit from a new 20-percent increase in December, while in parallel, some 250,000 aided housing units will be started up and a considerable effort for rehabilitation of HLM [Low-Cost Housing] will be carried out. There will also be a 34-percent increase in the city-planning and housing budget. There will be equally spectacular increases in other budgets--civilian research for example, up nearly 30 percent. Overall, the civil-equipment expenditures in the general budget will go up by more than 25 percent.

In favoring the construction and public-works sector, but also collective equipment and transport, the government is concerned to carry out a revival that places the least possible burden on our imports. Since 1978, indeed, the share of imports in the supply of industrial products had increased by five points. In this case too, therefore, it is indispensable to reverse the trend. Among the big projects that the state will undertake or place under study in 1982, I mention: six big stadia, a large urban public-transport program, high-speed rail connections, a modeling of the canals, the Channel tunnel, and a vast program of smaller urban projects (improvements and equipment for children, pedestrians, cyclists and the handicapped).

(Mr Vivien: "By Prevert, one might say!")

Not to mention the exceptional energy program that will be a creator of jobs.

In order to carry out successfully the indispensable regaining of our domestic market, the government has decided to fight to achieve a strengthening of the community arrangement of the European market. The EEC is, in effect, the economic zone most open to the outside and the least protected. We are for Europe, but certainly not for a Europe of maladjustments.

In the matter of agriculture in particular, we mean for the Community preference to be respected. The distortions of competition among the Community's producers--monetary compensatory amounts, regional aid, different rates of indirect taxes--should be eliminated also.

The revival policy will fully develop its positive effects only if the productive apparatus is capable of responding to the demand and of setting up new production capacities. To this end, the government will take into account, in the allocation of certain public aid, the criterion of regaining the domestic market.

To finance the budget, the government proposes to you a tax system that is more just yet that does not hinder economic activity. The year 1982 will mark a first step toward a more equitable tax arrangement. Indeed, isn't it up to the more fortunate, as well as to those who receive the highest incomes, to contribute, in the name of national solidarity, to the struggle against unemployment, which hits mainly the poorest?

For the majority of taxpayers, the income-tax burden will be stabilized. In effect, the schedule will also be updated, for all brackets. On the other hand, a supplementary contribution will be levied on the highest incomes, to participate in the financing of the UNEDIC [National Interoccupational Union for Employment in Industry and Commerce].

Furthermore, the advantages connected with the family quotient, which are higher in proportion to the household's income, will have a ceiling put on them. All this goes in the direction of equity and of solidarity.

Such is also the spirit governing the setting-up in France of the wealth tax that is exciting so much emotion--at least among some, who are being very vocal!--whereas it has become a commonplace matter among most of our neighbors. It will really tax only the big fortunes: more than Fr 3 million for private fortunes, and over 5 million when tools of the trade are involved, which means that 98 percent of entrepreneurs will not be concerned. I am ready to examine, with the professional organizations, the complementary provisions that could be introduced into the government's proposal in order to encourage investment in enterprise, but only investments in enterprises, and the creation of jobs, but only the creation of jobs.

This new tax arrangement will not hit consumption; we have decided against any general increase in TVA [Value-Added Tax]. It will not penalize enterprises apart from two sectors--banking and the petroleum industry, which will be taxed on the windfall profits due to the economic circumstances. More generally, the government will strive to stabilize the tax and social-charges load on the enterprises. It will achieve this on the basis of two conditions.

The first is to carry out in 1982 a serious reform of Social Security and of its financing. I have asked the minister of national solidarity to undertake a consultation of the social partners in this regard. The conclusions will be presented at the end of the year or the beginning of next year. We cannot be satisfied with the state in which we have found Social Security.

(Exclamations from the opposition benches)

Mr Mauroy: "Oh, gentlemen of the opposition! Don't forget the story of the little additional contribution percentage added to cover the expenses, then distributed before the elections. If this additional levy had been retained, there would have been no deficit."

I want to forewarn the French people: the new expenditures, notably in the area of health insurance, are not conceived without reference to corresponding savings. I ask you to understand that in this area, some progress will have to wait until we have scored some points in the fight against unemployment. It is a matter of the very vitality of our production apparatus.

The second condition in order for the government to stabilize the burden of social charges is for the enterprises to play the game of revival, to push back unemployment, and thus to improve the balance of the social regimes. This is a pact between them and the government. In 1981, we are performing a difficult action, the scope of which should be carefully marked: the state budget will absorb, on an exceptional basis, half of the UNEDIC deficit, with the other half coming from loans.

We could have permitted the UNEDIC-official social partners increase the unemployment-insurance contributions sharply. We have not done so because we are convinced that the battle for employment will not be won if we do not call a halt to the increasing of the social-charges burden of the enterprises, especially the labor-intensive enterprises. I hope that the enterprises understand our determination to help them and what it is up to them to do in response to our attitude. The ball is in their court.

...and the Nationalizations

After the plan and the budget, extension of the public sector constitutes a third anchoring point for our economic action. Some are raising an outcry because we are having the audacity, in the matter of nationalizations, to do what we had declared that we would do and what we are in the process of doing. These campaigns will have had only one effect: to strengthen us in our determination to carry out the change despite the opposition from certain money powers.

(A voice from the opposition benches: "Archaism!")

What is involved? The nationalizations of 1936, 1937 and 1945 have borne remarkable fruits. The fact that we have the world's highest-performance trains, thoroughly remarkable electricity and gas distribution networks, that we produce the Airbus, that Renault's exports are a triumph, that our oil companies are established in the United States--and how many other examples could I cite?: isn't this due to the public sector? Today, it is envisioned--and your Assembly will be presented with this next month--to extend the decisions of the Liberation. We consider it necessary for the public industrial sector to be broadened, for it to be made up of autonomous, lively, competitive enterprises, for it to be backed up by a credit-distribution apparatus that is concerned first of all with the general interest of our economy, just as that apparatus will henceforth back up all of the enterprises better.

Yesterday, we were heading toward the most detestable of mixed economies, with the state intervening, always too late, shifting the losses of certain enterprises onto the back of the taxpayer and leaving the profits from the prosperous sectors to private capital. We do not want any more of this sucker's socialization. We will entrust important enterprises to the national community, no matter what their financial situation, because their role is strategic. But we will carry out this nationalization in a businesslike logic. Thus, as regards Dassault and Matra, our concern not to dismantle groups will lead us to flexible formulas, associating the state, as majority stockholder, with private stockholders. We shall not, of course, make a pretext of this nationalization for seizing Europe 1 or grabbing DERNIERES NOUVELLES D'ALSACE.

(Voices from the opposition benches: "And Hachette?")

Need I add that we have taken care to consider the human factors? In the case of Dassault, the formula adopted is a homage to an engineer of great talent who has done a lot for French aviation.

More generally, I confirm that we are nationalizing only what we had announced: there will not be any rampant nationalization. The new national companies will not be false partners in the economic game. Subject to the ordinary law of commercial

companies, they will be on an equal footing with their peers, French and foreign. They will march boldly into the economic battle. They will thus play a driving and support role vis-a-vis the fabric of the small firms, by proving more regardful of the interests of subcontractors and by making their training and export capacities available to the PME. Finally, in the broadened public sector as well as in the public enterprises of the competitive sector--in which matters had progressed unequally on this level--important social advances will be made.

The nationalization of credit will not harm pluralism and competitiveness among banking establishments. In certain cases, it will stimulate it. It will also make possible a banking reform aimed toward the PME--a reform that had been urged for years but which the preceding governments had never dared to carry out. When the state is their shareholder, the banks will place themselves decisively at the service of the national economy. They will take better account of the needs of their customers. They will be more attentive to employment. It will constitute a first step toward the setting-up of a credit-distribution system that is pluralist, decentralized and freed of domination by certain private interests.

Initiative and Freedom of Decision

The economic policy that we are implementing respects the enterprises' initiative and freedom of decision. First of all, by decentralization, the proposal for which the Parliament is studying with a diligence that I hail.

Decentralizing means removing the administrative constraints which the leaders of business are not the only ones to complain of. It means taking up the fight against anonymity and bureaucracy by getting the decision-maker closer to those who are administered. It means making it possible to take action faster, to mobilize, for example, local resources to the advantage of the local enterprises, to adapt the procedures to the particular case. It means, in a word, giving France the flexibility it has lacked, loosening the corset that was binding it. It is exactly the reverse of state control. Initiative and freedoms also mean respecting the economy of the market. The fight against inflation is a government priority. The evil has deep roots. Blocking of prices is not the solution. Our price policy is based on four principles:

- competition: this is why we have revived the observation apparatus dismantled by the preceding government;

- concertation with the professional groups;

- price freedom;

- taxation, the ultimate weapon in case of dragging. For we will be able to maintain this way of freedom only if abuses do not multiply. I call on the merchants, the consumers and their organizations to watch out for them.

These are the means for revival. These are the new rules of the economic and social game.

Seven Measures for the PME

But the government is not content just to clarify; it encourages. It is aware that the small and medium-size firms form the very warp of the economic fabric and there-

fore play a decisive role in the battle for employment. In order to help them launch into recovery with determination, it has decreed seven measures in favor of the PME.

(1) Strengthening their financial structure.

This means first of all improving the PME's own funds by developing participatory loans. That is why the means allocated to this kind of loan in the 1982 budget are strengthened. On the other hand, and especially, the government is asking the banks to develop substantially the distribution of participatory loans, financed from their own resources, and to offer them to the PME at attractive rates. The modalities for risk reinsurance by a national fund are presently under study.

(Mr Pierre-Charles Krieg--RPR, Paris: "How does that work?")

The implementation of these provisions in everyday activity will be tracked by a regional financial activation unit assigned to keep an eye on the effective mobilization of the banks and the credit institutions in the service of the PME. The insurance companies will also have to contribute to the strengthening of the PME's own funds. They will be urged to acquire, more widely than they have done until now, shares of companies not listed in the Stock Exchange.

(2) Encouraging creation of enterprises.

The formalities for creation of enterprises will be alleviated by the accelerated setting-up of uniques "formalities centers" and the regrouping of the numerous documents demanded by government administration today. Furthermore, the government will increase and simplify the possibilities for tax relief on profits made by new enterprises during the first 5 years of their existence.

(3) Improving the effectiveness of aid to regional development.

A reform of the regional-development subsidies system is being worked out. It will make this aid more accessible to the PME, by narrowing the gap between the enterprises and the decision centers, by simplifying the procedures, by making the subsidy more of an incentive.

In effect, the local collectivities will be urged to contribute, more than in the past, to the financial support for creation of jobs. That is why we plan to make more flexible the conditions presently set for the occupational-tax exemptions they may grant to the enterprises making investments that create jobs.

(4) Strengthening the aid to innovation.

In 1982, the credits to the PMI for aid to innovation allocated by the National Agency for Valorization of Research will increase by more than 50 percent. Financial measures will be taken to encourage the hiring of researchers by the PME.

(5) Adapting public aid to the enterprises of a personal character.

All the measures that I have cited function essentially to the benefit of the medium-size enterprises. It is true that the public aid is of hardly any benefit to the small firms that have fewer than 25 employees and whose turnover does not exceed Fr 10 million. Consequently, we have decided to provide specific aid for them. They will be able to apply for a simplified participatory loan up to as much as Fr 300,000.

(6) Facilitating transfers of PME.

I know it is difficult, when one owns a family business, to sell it, to bring in outside capital, or to bequeath it to heirs or employees. In certain cases, though, this is necessary for the survival or development of employment in the enterprise. Consequently, the government is going to make an effort to lower the obstacles to transfers of firms by:

- undertaking, in the course of the interim plan, the harmonization of the taxation on changes of ownership for valuable consideration, so that its burden will no longer depend on the legal form chosen for operation of the business;
- developing recourse to shares without voting rights and with priority dividend;
- facilitating, by means of special loans, the possibilities for purchase of capital by the firm's workers;
- encouraging the management staff of big enterprises to go into revival and recovery of PME by a guarantee of being taken back into their original firm in case of necessity.

(7) Stimulating investments that create jobs.

Tax-based aid to investment today benefits all enterprises, blindly, even if their investments are stagnating and no matter what the evolution of the number of their employees. This arrangement will be modified in such a way as to give the enterprises an incentive to modernize their production tools while at the same time maintaining or increasing employment.

Four Measures for Changing Life

Growth, however, does not constitute the only response to the tragedy of unemployment. For as I have told you, the situation in the job market in France does not result solely from the economic situation but also from sociology and demography. We therefore propose to alleviate the job deficit by a simple formula: a new sharing out of work. To this end, the government has decreed four major measures for changing life:

(1) Reduction of working hours.

I state our objective again: a 35-hour work week in 1985. Reduction of the work week is easily the measure that creates the most jobs--on condition that it does not amount to a uniform and general decision but rather a negotiated, multi-form reduction accompanied by reorganizations and a sharing-out of incomes that coincides with the sharing-out of work. Discussion on this subject have been opened with the various occupational organizations. The government is allowing them to develop freely. I draw the social partners' attention to the fact that the decrease in working hours will really create jobs only if the 35-hour work week is effectively reached in 1985. The state will do everything in its power to facilitate this decrease without impairing firms' competitiveness.

(Mr Jacques Toubon--RPR, Paris: "You say anything!")

(Exclamations from the Socialist benches: "SAC [Civic Action Service]! SAC!")

The partners have agreed on 39 hours as of 1 January 1982, a 5th week of paid vacation, limitation of overtime. The government will submit to Parliament this autumn

a law that will ratify this agreement. Each year, in function of the progress achieved, it will propose new legislative adjustments for your vote. In certain industries, the 39-hour mark has already been passed and the 35-hour objective will doubtlessly be reached well before 1985. It is necessary for decisive progress to be made in the area of especially hard jobs and in nonstop work by the setting-up of a fifth team; and it is necessary for the reductions that create most jobs to be given priority.

(2) Promotion of Part-Time Work

There is an increasingly widespread desire for this form of activity, and not only among women, as is so often said. In order for part-time work to develop, the protection and guarantees for the wage-earners who choose this mode should be improved. The state can and should show an example in this area. Starting in 1982, several big administrations will propose half-time work to those of their personnel who so desire, with reduction of their pay by half. The positions thus opened up will be filled immediately.

For all civil servants who so desire, the 4-day week, with 20-percent reduction of pay, will be gradually established. The local collectivities and the enterprises will be asked to take this approach. Starting in 1982, the state administrations will accept applications for part-time work, except in cases of overriding needs of the service and with prior notice.

For certain wage-earners, managerial staff in particular, reduction of working hours runs the risk of becoming a dead letter. To them, if they so desire, we must be able to propose the taking of a year's leave of absence with part pay and guarantee of having their job back.

(Exclamations on the RPR benches)

(Protests from the Socialist group: "SAC!")

(Mr Philippe Seguin--RPR, Vosges: "Who will pay?")

(Mr Andre Laignel--PS Indre: "The rich'")

(Several Socialist deputies: "SAC!")

(Mr Pierre Mauger--RPR Vendee: "You will have enough of problems'")

(Mr Mauroy: I see that the managerial types are not interested....")

In the beginning, the measure I have stated will be an experiment. Through voluntary contributions, those concerned will be able to "build up capital" to finance their "sabbatical year."

(3) Lowering of the retirement age.

The government will keep its commitments. It will lower the retirement age to 60. At the beginning of 1982, a bill will be submitted to you. It will take account of the duration of workers' careers, especially for those who went to work very young and did difficult work. In most cases, full-rate retirement at 60 will be ensured.

But we are concerned not to increase the rigidity of our social system. It is important to create a new relationship between people and work. Participation in production should not be the sole source of people's fulfillment. The younger generations have understood this well and are deliberately exploring other pathways in their quest for happiness. That is why we must give the transition between employment and retirement a flexibility that does not exist today.

That is why I have asked that a retirement system be worked out in which pension rights would be claimable no longer in function of age but rather in function of length of career. Furthermore, the inequality of life-expectancy results today in an aberrant penalization of the least-favored categories. Workers and laborers pay in more during their working life than they receive during their retirement, while the reverse is true for the most favored categories.

Everyone understands clearly that it is therefore not possible to tolerate a concurrent retirement pension and income derived from conduct of an occupational activity after age 60. The bill will consequently include provisions to prevent such concurrent incomes, except in certain cases--notably, when the pension level of the person involved is very modest.

(Interruption on the opposition benches)

(Mr Mauroy: "It is clear that the interests of those who have a lot of money are of more interest to you!")

(Mr Vivien: "Demagogue!")

Today, the resources-guarantee regime enables those of ages 60 to 65 who renounce all occupational activity to receive an allotment paid by UNEDIC. Even before age 60, the state, through the National Employment Fund, grants allotments in the same amount to workers over 55 who work for firms in difficulty and whose departure avoids layoffs. This option will be extended to workers of that age who work for healthy firms but agree to leave voluntarily, in a spirit of solidarity, so as to make room for younger workers.

By this arrangement to meet the situation and the financial effort that it entails, the state will express its desire to encourage retirement departures in the name of solidarity in the fight against unemployment.

(4) Taking the young in charge and development of occupational training.

Forty-two percent of the unemployed are under 25. We reject the idea that these young people, in their tens of thousands, barely out of school and too often lacking any real training, should have no other choice than the offices of the ANPE [expansion unknown]. Even though the future of France depends on its capacity to adapt to new technologies, to develop new industries, we are letting, each year, nearly one young person out of three start out in life without any real qualifications!

The national collectivity has the duty to take young people in charge until they reach their majority. All young people up to 18 must be able to receive, through the state, the regional and local collectivities, the enterprises, a training that gives them a qualification. We are going to supplement and rebalance the plan of education so that those, everywhere, who are capable of handling the instruction

gien in the general-education secondary schools and the professional-education secondary schools can find a place in those establishments.

Alongside the public education service, and in close liaison with it, we must invent new formulas, decentralized, adapted to the local needs. The communes, the regions, the enterprises, the trades organizations, will be asked to develop professional-education centers combining on-the-job training and theoretical training.

It is in this spirit that we will propose to young men completing their national service that they sign a contract to do work on social needs currently unmet. This 6-month or 1-year "young volunteer" contract will put them in contact with professionals capable of giving them training. In France there is no lack of sectors of activity in which such a volunteer force could find work to do:

--development of our forest masses at a time when the evolution of the cost of energy makes it particularly valuable;

(Mr Vivien: "Marshall, here we are!")

(Mr Pierre Guidoni--PS: "He doesn't miss a one!")

(Mr Mauroy: "Mr Vivien, you know who those are who, in the dark hours when the country was teetering on the brink of the abyss, rallied in order for France to regain its dignity and liberty one day.)

(Mr Vivien: "The Gaullists!")

(Mr Mauroy: "You also know that a certain grande bourgeoisie, and those who defend the biggest interests, chose to follow the Vichy government so as to take their revenge!")

(Exclamations from the UDF benches: "Marchais! Marchais!")

(Mme Nicole de Hauteclocque--RPR, Paris--as well as Mr Pierre de Benouville--RPR, Paris--and Krieg leave the semicircle.)

(Mr Vivien: "Mr Prime Minister, see who is leaving the semicircle!")

Mr Mauroy: "Mr Vivien, it is you who have offered a provocation by making an interruption that is unacceptable to the prime minister and the government. I was noting that the volunteer force of French young people could be usefully employed in the development of our forests. I add that it could also be usefully employed in:

--civil protection and firefighting;

--safeguarding of the regional and national parks and the fight against pollution;

--participation in activation of the smallest communes. Thousands of France's 36,000 communes have fewer than 500 inhabitants and will be aided.

Externally, cooperation must no longer be the reserved domain of social categories who are already privileged. In the Third World especially, many young French workers or farmers could render exceptional services while at the same time living a particularly enriching human experience. By means of these contracts, the community will respond to the desire of the young people who want to get away, to live a different life before taking up a more conventional professional career. It will also give them additional training that will enable them to take jobs, especially in the service of the state and of the local collectivities.

We shall conquer unemployment only at the cost of an immense effort of adaptation, of enrichment, of opening up initial and ongoing training to all. This effort is particularly necessary for women, whose levels of qualification are too often an obstacle to job access.

It is also necessary for all those who have trouble finding a job after a long period of unemployment. Finally, it is necessary for all those who must adapt to the new technologies. The occupational-training programs will therefore be developed; the public training and job-counseling service will be reformed and renovated; and the enterprises will be asked to intensify their efforts within the framework of the legal obligations and, when they can, beyond them.

A New Relationship of People to Work

Everyone understands that these measures will be fully effective only if their implementation is taken in charge by the social partners. In the first place, by the trade-unionists. What is involved is a new relationship of people to work.

In the negotiations, the social partners will have to take into account the fact that people will be able to work less only if the machines work more. Only gains in productivity will make it possible to finance the additional hiring. The wage-earners will make the success of this policy possible by agreeing to favor reduction of working hours over demands for increased buying power. The businessmen must collaborate in this social and technical change.

The state, for its part, must set the example by providing, along with reduction of working hours, longer service and operating hours for the services open to the public. The local collectivities are urged to do the same.

However, the measures that I have just detailed will not suffice in themselves to mop up a job deficit that results from the particular demographic situation of France. We must therefore take, in a transitional period, some bold decisions that will enable us to achieve rapid results: for an exceptional situation, exceptional measures and exceptional financing.

That is why the government has decided to propose "job-solidarity" contracts to employers disposed to make a special effort to create jobs. These contracts will be of several types. For example:

- a job-solidarity contract;
- temporary aid to a firm that makes a very sharp cut in working hours in order to create jobs;
- implementation of early retirement, from age 55, for the employees of firms that recruit young workers to replace the older ones;
- authorization to local collectivities or firms to hire young unemployed persons who would continue to receive their unemployment benefit payment for a very limited time;
- special aid for development of new activities requiring hiring;
- supplementary remuneration to workers who choose half-time work, on condition that new hiring results.

These are only examples. Appeal to the imagination and to solidarity will do the rest. Local elected officials, business leaders, trade-unionists, civil servants--all must be able to come together to seek solutions for saving the enterprises in difficulty and to prepare job-solidarity contracts. The job-solidarity contract is the means for an enterprise, a commune, an employment pool, an occupational branch that make an exceptional effort to benefit from all the measures announced.

They must organize into local employment committees. Whenever such an initiative is taken, the state will contribute its aid. And a national commission, made up of elected officials, assigned members of Parliament, the social partners and members of the administration will act as a standing committee of war against unemployment. It will be set up under the prime minister's office in less than a month, in close liaison with the minister of labor and the minister of economy and finance.

Everyone must put out this effort of solidarity. Two million unemployed are a lot. In relation to the number of firms in this country, they are few. Significant results are within our grasp as soon as we agree all together to take up the challenge.

It must be noted that the various types of financing aimed at favoring hiring do not always have an immediate, automatic effect. What good does it do to aid a firm that would have been hiring in any case? Why facilitate departures into retirement if such aid only results in reduction of personnel and elimination of job positions? The aid in favor of employment is a further illustration of the fantastic waste caused by our country's excessive centralization. In order to fight unemployment effectively, we must hunt it out where it is, we must adapt to the diversity of the local realities, decentralizing our means of action as much as possible.

The financing of all the measures I have just announced is entirely provided for within the expenditure ceilings set in the draft budget for 1982. In addition, if the result that we expect from them in terms of unemployment is achieved, our action will contribute, in 1982, to rectification of the situation of the nation's public finances and social budget.

Fearing Neither Boldness Nor Imagination

This is how the government means to put all of France back to work. These are bold measures. They clearly express the purpose that animates us. We shall put them into effect with all the dynamism necessary.

They need to be relayed, to be accompanied by an effort on the part of the entire country. Fighting unemployment must be the No 1 objective of the trade-unionists when they negotiate, of the employers when they invest, of the elected officials when they run their collectivities. I know we will be heard, and I thank all those who are going to mobilize for our common future.

There will, of course, be doctors of the law lecturing you in the name of supposedly inflexible economic laws. I hear them as you do; if we were to believe them, the government would have no outlook other than to imitate its predecessors.

But you who submit a censure motion--what have you done, you who would censure us today? You forecast growth of 1.6 percent. In reality, it was 0.5 percent. You

You forecast a deficit of Fr 30 billion. In reality, it was 57 billion. You forecast a 10-percent rise in prices. In reality, it reached 13.5 percent.

Neighboring us is a country whose growth rate, along with Japan's, is the highest in the OECD. A country whose per-capita income exceeds the average for the EEC countries. A country whose unemployment rate is the lowest in Europe, where inflation is low and the currency strong. Yet the inflexible rules we are told we are subject to are not followed there: the budget and foreign trade are constantly in deficit, there are no private banks, the public sector is more extensive than in Yugoslavia, even certain prices are blocked, and state intervention is considerable. This country is Austria. Twice destroyed by crisis, having twice seen its structures collapse, Austria is conducting a policy whose priority objective is to maintain employment and growth.

I am not proposing a model to you. I am aware of the fact that in a small country it is easier to deal with problems when they arise. But decentralization will enable us to achieve an effectiveness that I hope will be comparable.

By this reference to Austria I simply want to show you that there are no taboos; that you should fear neither boldness nor imagination; and that the decisive element, in the economic domain as elsewhere, is the existence of a political will, understood and relayed at all levels of society.

To safeguard our common future, the hour has come for a great leap by the national community. And I would like to say that the moment is particularly ill-chosen, ladies and gentlemen of the opposition, for submitting a censure motion, because the opposition is censuring blindly: it has submitted its text even before knowing the content of the governmental proposals! Because none of the unemployed, in whose favor we are mobilizing, is unemployed because of the policy of the left: they are the victims of your management.

The censure that you are brandishing at us has already been voted on, 3 months ago. And against you! The people, rallied in universal suffrage, clearly expressed that they do not have confidence in you to rectify the country's economy.

At a time when we are forced into exceptional measures to remedy your errors, it is with astonishment that I see you trying to turn the spotlights of present-day reality on yourselves. I would rather have expected you to try to make yourselves unobtrusive. But rest assured that I will not shrink from debate. All the more so in that I had myself proposed it to you when announcing this governmental declaration several weeks ago, even before your censure motion.

This censure vote corresponds to a choice of society. On the one side, those who give up and accept decline. On the other, all those who, with us, want to restore the dynamism of France, who want to open up to it the perspective of socialism in liberty. The crisis will not resolve itself. It will be surmounted only at the cost of a formidable industrial adaptation and a social change. It is the task of the heirs of the first proletarians thrown at the foot of the steam engines to carry out the emancipation that the new technological revolution makes possible.

France can open up the way. We owe it to her. That is why we are determined to carry out the change as it has been announced by the president of the republic, desired by the people, and made into law by your Assembly.

MITTERRAND COMMENTS ON UPCOMING ELECTIONS

Athens ATHENS NEWS in English 29 Sep 81 p 5

[Text] Should the upcoming elections bring to power the Panhellenic Socialist Movement (PASOK) in Greece, then France and Greece will have leaders who know and respect each other, who have a mutual friendship and, consequently, a better understanding of each other's problems.

This, among other things, was stated by French President Francois Mitterrand in an exclusive interview to the editor-in-chief of the Athens evening daily TANEIA, (centre-opposition) given last Tuesday and appearing in Monday's issue of the paper.

Although he avoided any statement that could be interpreted as direct intervention in Greek political affairs, the French President stressed the close ties and cooperation between European socialist parties, and those of southern Europe, in particular.

"Our five parties, the Greek, the Italian, the Portuguese, the Spanish, and the French, have particularly good relations with each other and I repeat, there are very real similarities between them," Mitterrand said.

Responding to a question whether the socialist victory in France would help the socialist parties of other countries, including Greece, in their bid to attain power, Mitterrand said that there are many ties and similarities between the countries of southern Europe and that, indeed, the socialist victory in France had strong reverberations in most European and Mediterranean countries.

"But," he added, "there reverberations form part of each country's national reality, on which I have no right to comment, and their evaluation is solely for the citizens of the countries concerned to make."

Whatever the outcome of the Greek elections, Mitterrand said, France will continue to have friendly relations with Greece, in both the state level and the level of relations between the two peoples.

This, he said, was France's duty.

But he added that a victory would mean that the two countries would be led by men who know and respect each other.

Mitterrand was also cautious when answering the question whether, in the framework of a socialist Europe, it would be possible to transform the Mediterranean from the high-tension area it is today to an area of detente, possibly a missile-free zone.

At this point, he said, it would be wishful thinking to talk about a Mediterranean circled by countries where the socialist parties predominate. We are still very far from this point, he said. It seems, however, he added, that socialists, with their respect for peoples' right to self-determination, their preference to dialogue and arbitration over cold war and the arms race, and their ability to better understand relations between the Arab World and southern Europe and between East and West Mediterranean, have a viewpoint "well suited with the interests of the Mediterranean".

As for making the Mediterranean a "missile-free sea" Mitterrand said, this depends on the balance of power between the two superpowers, neither of which is, properly speaking, a Mediterranean power.

The French president voiced strong concern for maintaining the balance of power worldwide. "If this balance is disrupted", he said,

"there will be war".

He said he was very concerned with increasing Soviet armaments in Europe and especially with the SS-20 missile which, cannot cross the Atlantic and is therefore intended exclusively for use in Europe. He said negotiations, based on the need to maintain the balance of power, were urgently needed and that they should start in the next two months.

Discussing the French political situation, Mitterrand said that certain difficulties and delays in implementing the socialist program were natural, considering that the socialists were taking over from a right-wing administration that had ruled the country for about thirty years.

"Thus, the new administration is forced to function in a socio-political system unfavorable to it".

"We do not want purges" Mitterrand said. "But it is necessary that some key posts be given to men and women whose views correspond with the views of the

majority of the people."

The President said that, in the short time of three months in office, and despite the difficulties created by the right wing's long previous stay in power, a lot had been accomplished.

He cited decentralization, the nationalization of banking credit and the planned nationalization of the aeronautics, electropics, chemical and war industries as the major steps taken thus far. He also stressed the importance, in the realm of moral issues, of the abolition of the death penalty, of laws permitting the operation of special courts, and the dissolution of the Cour de Sureté de l'Etat.

Concluding his interview, the French president wished the Greek people every success in both national and international spheres. "And it is self-evident", he said, "that I also wish for the Greek people to make bigger and bigger strides towards progress, social equality, and justice among the citizens".

UNITED DEMOCRATIC LEFT PARTY SUPPORTS PASOK

Athens ELEVTEROS KOSMOS in Greek 16 Sep 81 p 1

[Text] Ilias Iliou and EDA (United Democratic Left) have been favored, particularly by the governments and the leaders of "New Democracy" (ND). Iliou was recognized as a political leader, and EDA, as a party, with all the concomitant prerogatives in Parliament. Yet they have shown themselves ungrateful toward their benefactors. Instead of establishing slates country-wide and so concentrating the few votes they do have, to keep them away from their benefactors' opponents, they decided to do their best to support and vote for PASOK (Panhellenic Socialist Movement)! In any event and by the very nature of the situation, EDA's decision is significant, not quantitatively but ethically. It is running after Panpandreou's family. To wit:

--For many years, in fact until 1967 (formally until 1974) it was a front Greek Communist Party (KKE). But when the parties and the press revealed this, EDA and its [newspaper] AVGI protested at the time. Now they admit that they were unwitting tools of the KKE and the USSR.

--Ilias Iliou, who had applauded the Soviet invasion of Hungary in 1956 and waited until 1968 to be embarrassed by the Warsaw Pact intervention in Czechoslovakia, is the sort of politician to avoid. He admits he became a member of the KKE at the time of the December 1944 revolution, when others were abandoning it en masse, and when he represented the independent left in Parliament he displayed his talent for deceiving not only public opinion but even parliamentarians.

When in 1963 EDA voted in Parliament for the Center's candidate for the chairmanship, Georgios Papandreou who was then majority leader did not welcome the helping hand. And he announced that in truly democratic parliament communist votes should not be counted (although the Center Union did agree secretly, as Io. Pasalidis disclosed, to voting in sufficient electoral districts). But now G. Papandreou's son and grandson do accept EDA's public support which entails giving up the "Commie and Stoolie EDA" as Ilias Tsirimokos called it. The Papandreou family, purveyors of bargain-priced socialism and change, does not consider it inconsistent with democracy to support not the followers (because the species is extinct), but its leaders who happen to be the same as those of the KKE's front. New times, new political mores!

"New Democracy" has taken EDA-2 by the hand. It brought it into existence through the favor of recognizing it as a party. It will also give that many of its votes to PASOK, which is both the offspring and nurseling "from radical liberalism to even democratic socialism" of the party of G. Rallis, Ev. Aberof and K. Papakonstantinos.

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ND PARTY ISSUES PARTIAL CANDIDATE LIST

Athens TO VIMA in Greek 3 Sep 81 p 7

[Article by Mikhalis Dimitriou: "Strong Turn to the Right in the Selection of ND Candidates in Central Greece"]

[Text] Despite the fact that progressive social currents have not been lacking in Central Greece, political conservatism has been noticeable in most of its nomes, at least as expressed via the ballot boxes. The networks of personal patronage, the political intermediaries of the Right, and area administrators powerful by "right of family," used to be paramount in the sterile mountain regions and also in the tobacco- and cotton-growing areas.

Today, this political system's crisis is commensurate both with the ND's [New Democracy's] shrinkage of influence and the deterioration of every district's "big names." The nomes of Aitolokarnania, Voiotia and also Evrytania are typical cases.

For all these reasons:

Quite a few members of parliament, politicians and nominated candidates (who exceed ten in number) have declared that they will not be candidates in these elections. Very typical is the case of the nome of Fthiotis.

There is an effort, both in the proposals of the nome committees and in the plans of the party leadership, to put forward "new and lasting" persons because "the old ones have worn out our own people."

However, in these new elections a dominant element continues to be the family political inheritance of the candidate, with particular preference for the representatives of the "hard-core Right." In its majority the "expansion" into the districts of Central Greece is one-sided and the "showy names" from the Center's side are absent.

In 1977, of the 28 members of parliament from Central Greece the ND elected 19, diminished by one when Angelos Pnevmatikos went independent. Despite the fact--as we shall see--that in Central Greece in 1977 the ND garnered relatively high percentages, its gains in seats were excessive and were assuredly due to the election system and the opposition parties' percentage apportionment.

Voiotia

In the nome of Voiotia in 1977, the ND elected three out of four members of parliament with only 39.4 percent of the vote. In sequence, after the death of Themistoklis Koritsas, it elected Dim. Papaspyrou (president of Parliament), Panagiotis Tourikis (son-in-law of former politician Evag. Vourdombas) and Nikolaos Ktistakis. Aristeidis Tsiplakos (civil engineer, member of the DE (Administrative Committee) of the ND and former general secretary of the Ministry of Public Works), Konstandinos Gamvroulis (pediatrician and nephew of Themistoklis Konitsas), Anastasios Liaskos (businessman and EP [National Rally] politician) and Andreas Vergos (lawyer), have been proposed as candidates for the district of Levadeia by the Voiotia nome committee. Konstandinos Katzelis (mechanical engineer, former special adviser to the Ministry of Public Works), Georgios Vourdombas (lawyer and son of former politician Dim. Vourdombas) and Mikhail Makrygenis (lawyer, former centrist) have been proposed as candidates for the district of Thives by the Voiotia nome committee.

Evvoia

In the nome of Evvoia, four of the government deputies out of the nome's six were elected by 42.72 percent. In sequence they are Georgios Vogiatzis, Kon. Kallias (who has not decided definitely if he will accept being included on the ballot for Europarliamentarians), Mikh. Kakaras and Angelos Pnevmatikos (who is an independent now and is reputed to be putting together a personal slate of candidates in Evvoia).

In its proposals, Evvoia's nome committee proposed to the party leadership the candidatures of Aristeidis Mikhalakis (former member of parliament), Ioannis Stamatopoulos (lawyer and ND politician in 1977), Angelos Vlakhothanasis (lawyer and former member of parliament for the EK [Center Union Party], Prokopios Krokos (EKIK [Democratic Center Union] politician) and Nikolaos Papanikolaou (EP politician and brother of Sofoklis Papanikolaou, responsible for the "Civil List" in the pre-dictatorship period).

In its proposals Evvoia's nome committee recommended the candidacy of electrical engineer Akhilleas Papathanasiou, former general director of Titan Cement and son-in-law of former minister Kon. Konofagos.

Educator and owner of Technical Schools Kon. Stefanidis, who had gone into politics in 1977 in the second district of Athens, has political interests in his birthplace of Evvoia. The candidacy of Mr Stefanidis was not proposed by Evvoia's nome committee because it was judged that the critical articles written by a newspaper friendly to him harmed the party in the district. Apart from Mr Stefanidis, the case of lawyer Anastasios Kambouris' candidacy also has strong support in the party leadership of the ND. Mr Kambouris is president of Evvoia's nome committee and is laying claim to a place on the ballot in case Kon. Kallias prefers the capacity of Europarliamentarian. Finally, retired officer Ioannis Trakosaris seeks to become a candidate with his application to the central governing body of the ND.

Fthiotis

In 1977, in the nome of Fthiotis the ND elected four of the six members of parliament with a percentage of 43.97. These are Dim. Evangeliou, Leonidas Gallis,

Tzoulia Tsirimokou and Kon. Triantafyllou. From leadership circles of the ND it has become known that member of parliament Leonidas Gallis has made it known officially that he will not participate in these elections. EP politician economist Georgios Kalatzis (son of former politician Evangelos Kalatzis) asserted the same thing yesterday to TO VIMA, despite the fact that the nome committee proposed his candidacy by a unanimous vote.

Mr Kalatzis, who works as a special adviser to the Urban Communications Organization, announced to TO VIMA that he has already informed the ND leadership about his decision not to participate in these elections.

From the other candidacies the nome committee proposed Panourgias Panourgias (former under-secretary and member of parliament), Konstandinos Brianis (lawyer, EDIK politician), Anastasios Anastasiou (landowner and EPE [National Progressive Union of the Center] politician), Dimitrios Xarkhas (lawyer and party cadre), Georgios Manikas (real estate broker and EP politician), Giannis Sklatiniotis (lawyer from Domoko) and Kostas Panagiotou (lawyer from Malesina). In addition the nome committee unanimously proposed the candidacy of businessman Georgios Kostis, nephew of the minister of the "rebels" Dimitrios Kostis, whose son Georgakis Dim. Kostis was politically active in 1977 with the KKE [Greek Communist Party].

Another candidacy proposed was that of retired gendarmery officer Nikolaos Liodimos, who was director of the office of Minister of Education Ioannis Varvitsiotis. Mr Liodimos is reputed not to be running. In addition the Fthiotis nome committee refused the candidacy of lawyer Vasileios Papaevthymiou (who was a member of the "advisory" committee), while in the end nome adviser Kostas Stefos withdrew his application for candidacy. Finally, the nome committee proposed--clearly on its own initiative--the candidacy of Kostas Sapsalis (who has been proposed for the first district of Athens, and was until recently general secretary of the Ministry of Public Order) for the Fthiotis ballot, and also that the case of former EDIK Member of Parliament Nikos Argyropoulos be examined by the party leadership. As is known, he is a leading cadre of the KODISO [expansion unknown].

Fokis

In the nome of Fokis, the ND elected both members of parliament with 54.88 percent of the vote. They are Athanasios Gelestathis and Dimitrios Khloros. The nome committee proposed the candidacies of Kostas Roulias (lawyer and KNF [Young Liberals' Party] candidate), Kon. Lidorikis (former member of parliament and EP candidate, whose wife Angeliki Lidoriki was a member of the advisory committee), Panagiotis Manettas (retired artillery brigadier general) and Dimitrios Andritsos (dentist from Lidoriki).

Evrytania

In the nome of Evrytania, the ND won the seat with 46.63 percent of the vote in the person of today's Under-Secretary of Agriculture Chry. Karapiperis. The two candidacies of Dim. Bouras (physicist from Karpenisi) and Petros Nikolaou (lawyer from Afrafa) were nominated by the nome committee, while the case of lawyer Athan. Tsitsilonis, who comes from the center, is gaining in likelihood.

Aitolokarnania

Finally, in the nome of Aitolokarnania the ND in 1977 elected five of the nine members of parliament with 49.24 percent.

They are Georgios Stamatis (minister of Justice), Christoforos Stratos (minister of the Interior), Christos Fotopoulos, Dimitrios Karaiskakis (who announced that he will run in the second district of Athens) and Nikolaos Papioannou.

From the 1977 politicians who were proposed very justifiably, former Under-Secretary of Foreign Affairs Konstandinos Trikoupi has declared that he will not run and is interested in running for the European Parliament, while lawyer Spyridon Skarlingos will run in the second district of Athens where he has been proposed.

A first candidacy by unanimous vote from those made by the nome committees is that of former General Secretary of the Ministry of Communications Dionysios Livanos (member of parliament in 1974 and nephew of Panagiotis Kanellopoulos).

Also nominated were Panagiotis Delimitsos (lawyer and advisor to ILPAP [Electric-Powered Buses of the Athens-Pireaus Area]), Thomas Khoutas (lawyer and son of former EDIK Member of Parliament Styl. Khoutas and, until recently, general secretary of the Ministry of Social Services), Kharalampos Manginas (lawyer and special contributor to the Ministry of the Presidency), T. Palkogiannis (cadre of the "Peiraikis - Patraikis"), Nikolaos Kostakis (lawyer), Leonidas Papasavvas (lawyer) and--unanimously--General Director of the OGA [Farm Insurance Organization] Vasilis Manginas, who announced that he will not run in these elections. Finally, the nome committee proposed to the party leadership that it looked into the cases of Nikos Farmakis (former member of parliament and EP cadre) and Nikolaos Voulgaris (EP candidate and mayor of Messolongi during the junta).

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NATIONAL RALLY PARTY LEADER CAMPAIGNS

Athens TO VIMA in Greek 3 Sep 81 p 7

[Text] Yesterday, in a press conference for newspaper political correspondents, Spyros Theotokis announced that the National Rally Party [EP] has among its platform goals the freeing of those convicted of the coup d'etat of the seven-year dictatorship, and it is bound politically and morally to impose this if it holds power after the elections.

Mr Theotokis, who clearly turns--in addition to the royalists--toward the dictatorship's supporters as well (and to that must be attributed his very explicit announcement), added that the EP will take part in the elections independently in almost all election districts, with probably the exception of Crete. At the same time he excluded any collaboration with either the New Democracy Party [ND] or with the Progressive Party of Mr Sp. Markezinis.

Under the applause of his party's supporters and politicians who were present (among whom were seen N. Farmakis and G. Georgalas, as well as a few retired officers), Mr Theotokis made a vigorous attack against the ND, primarily against Mr Karamanlis, not--as he made clear--in his capacity as current president of the Republic, but as former prime minister.

The ND, he said, is confronting the upcoming reckoning with the "marxist front" with suspicious calmness, which goes along with the expectation that after the elections it will make over part of the power to the communist front. For this reason, he continued, the EP has placed itself from the beginning on the opposite shore from the ND, even if, on account of the danger which the civil status quo faces today, it has considered that it had the duty of studying the possibility of obtaining electoral and political collaboration with the ND. But the ND, he added, has explained clearly that it disagrees with electoral collaboration, on a level of independent parties, at which time every discussion on the matter was decisively brought to an end.

In a similar way, said Mr Theotokis, the "soundings" of other groups of the "patriotic people outside of the ND" were also unsuccessful, and this because there is a great ideological distance between the EP and the party of Sp. Markezinis. Mr Theotokis defined this distance more specifically, when answering a question about it, as a basic difference of opinions in regard to the deposed king and President of the Republic Mr Karamanlis. Mr Markezinis, he said, does not believe ideologically in the king, and also recently he has announced that he respects Mr Karamanlis, while I do not.

In addition, Mr Theotokis characterized the plebiscite of 1974 as a "dishonor" and "illegitimate," but he added that his party is not putting a question of state into the elections, because "both we and the king believe that he must not return without the common consent of the people after an irreproachable plebiscite."

In closing, the leader of the EP strongly criticized the economic policy of the ND, and (referring to Stratis Andreadis, but not by name) he blamed it for its "bandit-like confiscation of property of eminent international bank officials."

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KKE-EXTERIOR PARTIAL CANDIDATE LIST

Athens TO VIMA in Greek 3 Sep 81 p 7

[Text] General Secretary of the KD [Central Committee] of the KKD [Greek Communist Party] Kh. Florakis was received yesterday by Prime Minister G. Rallis to whom he expounded the party's positions concerning the management of irreproachable elections.

Mr Florakis stressed the need for substantial coverage of all parties' election activities by state-controlled mass communication resources, and underlined that the coverage must be based on objective criteria and on their parliamentary strength. In particular, the regulations which will be produced must take under consideration the fact that the KKE is third in terms of parliamentary power.

Mr Florakis sought placement for persons approved in common in critical ministries, and that the mechanism of the state, especially the police, refrain from every effort to influence popular opinion.

More specifically on the subject of the Armed Forces, Mr Florakis proposed that commanders avoid preelection speeches and that the receipt of voting books by the young army voters be safeguarded.

Candidates

For the list of KKE candidates in northern Greece, our correspondent in Salonica transmits the following:

Probable KKE candidates in Northern Greece, according to information received, for District One, Salonica: Mitsos Sakhinis (member of parliament), K. Leventis (vice president), P. Katsaros (trade unionist), Ath. Giannousis (president of the Municipal Council of Salonica), Khr. Raptis (major of Ambelokipi), Giota Sevastiadou (doctor), Sofia Frangi (president of the Union of Nursing Staff of Private Hospitals), Takis Kharitos (general secretary of FEPATH [University of Salonica Student Union]), Khr. Parathyras (doctor).

For District One, Salonica, are still being mentioned the names of a professor at the University of Salonica, soccer player Giorgos Koudas and artist Kharry Klyn.

District Two, Salonica: Sot. Kostopoulos (professor), Dim. Plalas (farmer), Nik. Parpoudis, Kyr. Angelopoulos (worker), G. Primerakis (farmer).

Imathia: Kon. Georgiadis (agriculturalist), G. Taxiarkhopoulos (president of the Union of Construction Workers), Io. Khristodoulidis (member of the DE [Administrative Committee] of the Agrarian Society El. Kokobidou).

Serres: Kon. Seirinidis (retired major), G. Sideris (dentist and municipal council member), Ath. Papathanasiou (accountant), Dim. Theodoridis president of the Agrarian Society), Khr. Gongoglou.

Drama: Giannis Patkas, Takis Lambrianidis (worker).

Evros: Va. Koinakis (professional).

Kavalla: Pan. Rolas (farmer), Gr. Bakharis (municipal council member), Ath. Koskiniotis (municipal council member), Theod. Nestoridis (president of the Agrarian Society), Nik. Kairetis (manufacturer).

Kilkis: Io. Kharatzidis (lawyer), Khr. Tzatzos (clerk), Nondas Apostolidas.

Pella: Euth. Malezas, Io. Bonos, Iord. Parsanidis (lawyer).

Rodopi: Vas. Fetfasidis (lawyer), Zakh. Kampas (municipal council member), Moust. Moustafa, Dim. Kerameas, Nik. Kyriakidis.

Xanthi: Io. Tsolakidis, Nik. Zakhos, Pol. Amaxopoulos, Nazim Ferkhat.

Pieria: Khar. Basios, Khr. Ananiadis, Anthoula Marouki, Ant. Goularas (economist).

Kozani: G. Mitliangas (lawyer), Mil. Stefanidis (partner), Milt. Arvanis, Sakis Kazoglou (president of the Union of Workers and Craftsmen of Ptolemaida), Tsa Gouma-Stafyli (student).

Khalidiki: Dim. Stavrinis (dentist).

Grevena: Savvas Gavriilidis (lawyer).

Kastoria: Kon. Serafeim (fur worker).

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REGISTRATION OF CANDIDATES, QUALIFICATIONS

Athens TO VIMA in Greek 3 Sep 81 p 7

[Article by Nikos Krikis: "Provisions for Eligibility and Time Limits for Applications"]

[Text] The first, many-paged circular regarding the operation of the parliamentary elections on 18 October has been published by the Ministry of the Interior.

The circular's subject is applications for candidacy and its purpose is to inform those interested in submitting applications.

The circular, which bears the signature of Minister of Interior Stratou, indicates:

First, that the proposal of candidacy must be presented to the president of the appropriate court of first instance by 27 September at the latest.

Second, that the declaration of party slates must be presented to the public prosecutor of the Supreme Court by 1 October, at the latest, and

Third, that the written statement concerning the parties' slogans and names must be presented to the president of Parliament and the public prosecutor of the Supreme Court by 25 September at the latest. If there is to be a coalition of parties, the relevant time limit for the declaration of name and slogan ends on 21 September.

The ministry's circular also notes that the fees for proposing candidacy are:

(a) a receipt from the Public Fund for a deposit of 1,000 drachmas and (b) a receipt from the National Bank for a deposit of 7,000 drachmas to the credit of the account for the "Pensioning of Members of Parliament."

With reference to applications for candidacy, the following are noted:

In order for someone to be elected a member of parliament, it is required:

a) To be a Greek citizen. The manner and year of the restoration of Greek citizenship have no bearing on this condition.

b) To be at least 25 years of age on the day of the election. The age of the eligible person is proved by his registration in the Register of Males or of a municipality or parish register.

c) To have not been deprived of the right to vote. According to the relevant provision of the Constitution (article 53, paragraph 3), one who has been convicted by irrevocable judicial decision for certain offences, and one who has been deprived of the right of managing his property by irreversible judicial judgment, cannot be elected a member of parliament.

Registration of the candidate in the register of voters is not required as a qualification for eligibility.

Certain persons who have all the above qualifications of eligibility cannot be elected members of parliament if they do not resign previously from the offices or positions which they held before they declared themselves to be candidates. In this category belong:

Salaried public officials. Excepted are professors of the highest educational institutions, but not university lecturers and assistants.

Salaried administrators and judicial civil servants.

Officers of the Armed Forces and of the police. Non-commissioned officers, soldiers, gendarms, etc. are eligible.

Mayors and parish presidents. Municipal and parish council members are eligible.

Clerks, administrators or presidents of the administrative councils of public entities, but only of those to which the service of clearly governmental purposes has been assigned by law. Considered such public entities are: IKA [Social Insurance Foundation], the state hospitals, the harbor provident funds, etc. On the other hand, municipal hospitals do not belong to this category.

The election court has ruled that the members of the Academy of Athens are not civil servants.

The administrators or presidents of the governing boards of public or municipal utilities. Such enterprises are: OTE [Greek Telecommunications Organization], DEI [Public Power Corporation], OSE [Railways Organization of Greece], and the Hellenic Post Office.

Notary publics and registrars of deeds and mortgages.

All civil servants, that is to say both civilians and military, who have undertaken an obligation to remain in public service for a certain time, cannot be declared candidates and be elected members of parliament during that time period.

The circular also mentions the circumstances of noneligibility by reason of service in a certain election district. According to the relevant provisions of the Constitution, salaried public servants, military and so forth cannot be declared candidates, not be elected members of parliament, in the electoral district in which they served for more than three months during the final three years before the election.

Regarding the proposal and declaration of candidates, the following are noted in the circular:

The proposal of candidacy takes place in writing either by at least 12 electors of the electoral district for which the candidate is being proposed or by the candidate himself.

In the proposal of candidacy are recorded the first name, last name, patronymic, profession and exact address of the person being proposed.

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PCI'S FOREIGN POLICY ANALYZED

Rome IL SETTIMANALE in Italian 8 Sep 81 pp 12-16

[Article by Pierfrancesco Frere: "What Eurocommunism Means in Russian." Also, two inserts: one by Giuseppe Tamburrano; the other, by Lucio Colletti]

[Text] International tension has served at least to dispel any doubt concerning the choice of the PCI camp: the positive pole continues to be the USSR. And at the crucial moment the Communist Party in any case will play for "its team." Moreover it had also made this known: "Eurocommunism is possible provided Moscow is the strongest..."

"Eurocommunism? Even when it was in its prime, in 1977, there was silence on the matter of relations with Moscow. Imagine if it has now withered. There has been no change. For Berlinguer the Soviet Union remains the positive pole, the camp to be chosen."

Luciano Pellicani, a socialist, political scientist, and university professor, to whom Bettino Craxi pays a great deal of attention, traces this clear diagnosis as he turns the pages of UNITA and PAESE SERA. For example, the official PCI daily reports: "The N bomb brings war closer," and asks: "Is Europe a peace zone or a battlefield? Europeans must oppose the U.S. nuclear rearmament plan." The 12 August PAESE illustrates the argument in support of this thesis: "It is well known that the N bomb is made for the purpose of being dropped on European cities in order to make their occupation by the Russians useless."

"An obvious distortion of actual facts, but after all who realizes this?, asks Pellicani, discouraged. Raniero La Valle states, again in PAESE SERA, that "we must not live in a dream world. The N bomb means war. And unfortunately there are leftists who listen to him."

In the course of a few days, from the time between the decision of the Spadolini government to install "Cruise" missiles in Sicily and the air engagement over the Gulf of Sirte, Italian communists eliminated all doubts concerning their claim of being considered independent of the Kremlin. With a hammering press campaign, sustained also in part by the by now clearly pro-Soviet and anti-American mass media, they have adroitly administered an outstanding budget which, according to

President Reagan, the USSR has appropriated for use in the West (and therefore also in Italy) for a campaign against Euromissiles and the neutron bomb.

A check shows the following. We asked some political scientists of the democratic left and of the moderate sector a question that the communists would characterize as "crude": Is the PCI independent of the Soviet Union? The answer was negative on all fronts; the PCI is not an autonomous party.

Expressed thus, this statement might seem simplistic. It is true, in fact, that the PCI in the past strove to give proof of its independent judgment; but it has always done so by playing with "its team," as Giuseppe Tamburrano says (see his opinion as stated on these pages), and from the point of view of its team, that is, the USSR.

For example, Giuseppe Are told SETTIMANALE that "at a ripe moment, the PCI again called out its marches against atomic rearmament and against American imperialism; just as at the end of the 40's, during the period of anti-NATO mob fighting. When it is a question of reaching clear-cut decisions--yes or no--and vital for the WEST, one can see where Enrico Berlinguer's heart is. Because of the "ambiguity" of which Togliatti spoke, this is sometimes less obvious, but the Soviet Union always continues to be the system to be protected at all costs, where socialism somehow or other was achieved."

By carefully leafing through the official records of the Italian Communist Party, it indeed was not difficult to realize that for some years this celebrated Eurocommunism in reality was based on a tragic misunderstanding. Franco Rodano, the inventor of Eurocommunism, writes: "The so-called 'Eurocommunism' is possible only on the condition and on the basis of a powerful and qualified presence of the Soviet Union in the 'balance of power' of the supreme and decisive world balance of powers." And Giorgio Napolitano, who is now considered to be one of the most critical of Italian communists with respect to the USSR, adds in UNITA of 1 April 1980: "We must counter the danger of a return of the cold war, by causing West Europe, the EEC [European Economic Community], and NATO to make a contribution to a positive turning point in relations between East and West and between North and South, instead of supinely aligning with the positions and pressures of the American Administration." That is what Lucio Colletti in these pages characterizes as "working for the king of Prussia."

That the positions of Rodano and Napolitano are in keeping with Soviet directives can be inferred also from the interview granted to REPUBBLICA at the end of last year by Vadim Zagladin, No 2 USSR foreign policy maker. Zagladin says: "The Helsinki Paper, the entire process of detente, are based on the acknowledgment of changes that have taken place in Europe since World War II. Backing anti-socialist forces in Poland now means wanting to annul the results of the Helsinki Conference, wanting to destabilize all relations between East and West."

Well, the meaning of the discourse is this: 1) detente is based on Yalta; 2) the CPSU [Communist Party of the Soviet Union] demands that the system in Poland remain unchanged; 3) but the communists intend to change the Yalta balances by means

of "national liberation" movements; they have tried to do so several times. The PCI is in agreement with all of these positions: the "powerful and qualified presence of the USSR" as far as the first point is concerned (Rodano). With respect to the second point, Berlinguer just recently gave an answer in his well-known interview to REPUBBLICA, repeating that it is necessary to change the capitalist system in the West, while in the East the problem is not that of changing the system, but only of giving a little more freedom. As for the national liberation movements (third point), Adalberto Minucci recently said that "the PCI cannot accept the logic that induces the American Administration to characterize all liberation movements, wherever and however they are manifested, as "international terrorism." Alignment is geometric.

According to a recent study by the Cattaneo Institute, the PCI right now is divided into three trends, coexisting under the cover of democratic centralism, but the trend of the "critics" probably includes barely 20 percent of the party, while the "Afghan" wing, especially at the rank and file level, is the dominant trend, that of hard Stalinism. "Let no one be deceived; no one hopes that the PCI will break with the CPSU," said communist Angelo Minoia upon his return from Moscow in March of this year.

"This is the point," comments Pellicani: "the PCI conforms to Soviet positions, as in the case of all former Eurocommunist parties. Even Carrillo's Spanish Communist Party, as shown by the congressional discussions of the end of July, has returned to the mother house. Unfortunately Italian public opinion has not become precisely aware of this, because in recent years the PCI has been able to win the sympathy of many journalists; and many information organs do not provide their readers with good service. They are underhandedly pro-communist and anti-American: I am speaking of REPUBBLICA, of CORRIERE, of STAMPA, of GRL, and of TG2, etc." "The case of REPUBBLICA is absolutely glaring," according to Are. "For days it maintained the thesis of American aggression against Libya and when Gheddafi admitted that his airplanes had been the first to attack, he did not make this news available at all."

Let us take some of these "fellow-travellers" at random. PANORAMA of 31 August ("Facts Separated From Opinions" is its slogan) published a cover with a photo of Reagan and the motto: "I Will Give You Peace." The title of the opening article: "The Game of Fear"; subsequent titles: "One Missile Attracts Another"; "But Russia Is Ready." Now the communist theses are precisely those of the rash arms race primed by the United States with the risk of a Soviet response. REPUBBLICA of 25 August is more explicit in its anti-Western trend. Occhiello: "While democrats Fullbright and Church express timid reservations concerning the ready trigger that dealt Libya a blow: (it seems that the Americans do not have the right even of legitimate self-defense); the title: "Now There Are Some Who Urge Reagan to Bear Down on Castro;" an article on the same page on the other hand expounds Soviet pacifism ("Moscow Urges: Let Us Return to a Dialog") and a "small insert" cautions: "But a Kremlin general warns: we will know how to defend ourselves from the N bomb."

On 20 August the PCI actually organized a "peace march" (similar to the Stalinist ones of the 50's) to the cry of "Yes to Negotiations; No to the N Bomb." The march, preceded by a leaflet campaign in the wards, places of employment, and even in vacation areas, that reminded one of years ago. had been preceded by a press campaign along three lines, in accordance with Russian propaganda: an attempt against "European sovereignty" (UNITA: "Do Sovereignty and Independence Still Have Any Meaning?"; PAESE SERA: "The Government Humiliated Without Consultations. Revival of the Tradition of Subordination to the U.S."); the crisis in relations between European Allies and Americans (UNITA: "The N Bomb Exacerbates U.S.-European Relations"; PAESE SERA: "NATO Towards an Inevitable Crisis"); the danger of nuclear bases to the populations that shelter them (UNITA: "Sicily Becomes a Nuclear Target"; PAESE SERA: "The Cruise Bases Are Primary Targets in Case of Conflict"). These arguments are identical to those with which TASS has vainly attempted to confuse issues. In reality Schmidt and Mitterrand have accepted the new American defensive strategy and our foreign minister, Colombo, has explained that that tends to induce the USSR to sit at the negotiation table.

More subtle, on the other hand, is the PCI maneuver that seeks to appeal to European social democracies and Craxi's PSI (Italian Socialist Party). The first appeal was launched in February by Giancarlo Pajetta from the platform of the CPSU Congress. He addressed an appeal for union to "European socialist parties and to social democratic parties" (of course the CPSU could not launch it; once more the PCI carried out to perfection the part of a buffer party). The move falls within the strategy of the democratic alternative stated by Berlinguer in November 1980.

This strategy, however, is being wrecked in the presence of the very clear ties of the PCI with Moscow. Ernesto Galli Della Loggia, a liberal-socialist political scientist, explains: "The PCI is doomed to boast tirelessly of its diversity and at the same time to be shocked, equally tirelessly, if others consider it to be different and come to the conclusion that with one that is "different" unity is impossible."

[Insert by Giuseppe Tamburrano: "A History of Ambiguity"]

[Text] A distinction should be made between an internal controversy within the communist world (in which the PCI expresses itself with relative freedom) and a controversy between the two blocs (in which the PCI is always aligned with the USSR). The autonomy of which Berlinguer boasts is the claim of a partnership with the Soviet Bolshevik Party within the movement, itself. I will illustrate this with an example: when Panatta and Bertolucci play a tennis game of doubles, Panatta can criticize Bertolucci and ask him what in the devil he is up to; but their aim remains that of defeating their opponents. Well, the CPSU and the PCI are more or less like Panatta and Bertolucci...

Of course the PCI, of all the parties that form part of the Communist International, is the one that allows itself a greater possibility of criticism; but within the Communist International it stands for its free choice, within the optics of Marxist-Leninism, which is the conquest of power throughout the world.

Why on earth, then, is this not obvious? Because the PCI practices with utmost skill the tactic of supporting the positions of the Western democratic left, in order to divide the camp. Thus Berlinguer from time to time pretends to cooperate with Mitterrand, Schmidt, and Brandt, and tells us socialists that he, not Bettino Craxi, is the one who embodies French-type socialism. But then, at crucial moments, when it is a question of deciding on the installation of Euromissiles, when Mitterrand sides with Reagan, then Berlinguer turns on the heat.

We must not live in a dream world. Italian communists operate in profound ambiguity. In 1976 Berlinguer admitted that NATO was a defense for the West and repeated this in 1979; but when someone pointed out to him that therefore Europe needed America to defend it from the danger of a Soviet "fraternal assistance," then Berlinguer stressed that the PCI remained united with the USSR through ties of solidarity. In short, the PCI exists in ambiguity; it almost has a dual nature. It is what Togliatti called "duplicity." At present an undercover conflict, exemplified by the Berlinguer-Napolitano polemics, is developing; but the day when these polemics explode in the open, democratic centralism, which is a pillar of the PCI, will collapse.

Defining internal alignments is thus a problem. Berlinguer is the very focal point of ambiguity. He tries to reconcile a maximum of Eurocommunism with a maximum of continuity with the history of the PCI. In theorizing new relations with the PSI, Napolitano has elbowed forward, but who can say how he views independence from Moscow? Let's take Pajetta, himself. He would seem to be the most resolute of "autonomists." He even flew to Moscow to talk straight to the Russians. Then, in reading his most recent book ("The New Internationalism"), one discovers that Pajetta favors a broadening of internationalism, to include other forces. I say: if you are expanding internationalism, you are not leaving it; correct? In my opinion it is necessary to confront the PCI with toughness, so that by emerging from ambiguity, the present process can come to a break with Soviet expansionism and Western democratic socialism.

[Insert by Lucio Colletti: "Those Who Work for the King of Prussia"]

[Text] First of all, we must note that while Berlinguer tries to portray the attitude of the PCI as very close to that of Western social democracies and, in particular, to Schmidt and to Mitterrand, things unfortunately are different. When the matter of the future installation of Euromissiles was put to the Italian parliament, Berlinguer stated that if the PCI had been in the government, it would have left it and would have declared a crisis. So, the communist attitude was, and continues to be, complete rejection. Schmidt, on the other hand, accepted the Euromissiles and Mitterrand declared that he favored them, even though France has an autonomous nuclear capability and that, though it is in NATO, it is outside the military apparatus of the Atlantic Alliance. In short, Berlinguer's attempt at causing the Italian government to seem to be extremist and the PCI as aligned with the Western social democracies is a distortion of facts.

Similar consideration should be given to the N bomb. Newspapers with a wide circulation, like CORRIERE DELLA SERA and LA REPUBBLICA, today seem to back--

LA REPUBBLICA in a more open manner and CORRIERE, between the lines--a campaign of blind anti-Americanism, and remain silent with respect to Soviet responsibilities regarding the detente crisis, and portray Western defensive measures as war monger initiatives.

Behind these attitudes one easily recognizes the influence exerted by the PCI line, through obliging editorial committees. In reality, Schmidt and Mitterrand themselves, until yesterday portrayed by UNITA as examples that should have inspired the action of the Italian government, give evidence of considering in quite another manner the possible recourse to the N bomb.

In particular the German chancellor, who certainly cannot be considered an extremist, recently confirmed his inclination, under given conditions, to accept the dislocation of the bomb to Germany. The truth is that, in spite of the formal acceptance of Italy's presence in NATO, the PCI tends to support and to nourish all neutralist tendencies that crop up, wherever they appear. The pretext is that Europe should constitute itself as its own pole and act autonomously and independently of the U.S.

If it wants to, Europe certainly can detach itself from the United States. But if it wants to guarantee its independence and not deliver itself unarmed to Soviet imperialism, Europe will have to provide itself with a European Defense Community (analogous to the old CET [expansion unknown] at the nuclear level. Apart from the defense offered by the American nuclear umbrella, or apart from the constituent CET, the objective of a Europe that is separate from America can interest only those who work for the king of Prussia.

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CSO: 3104/4

VIEWS OF OPPOSITION LEADER WIEGEL

The Hague ANP NEWS BULLETIN in English 17 Sep 81 p 1

[Text] The Hague, September 16--Presenting himself as the country's new opposition leader, Mr Hans Wiegel told the press today he planned to exploit the cracks he saw in the government coalition of Christian Democrats (CDA), Labour and D'66.

The floor leader of the Liberal VVD party said he would approach the second Van Agt cabinet in a businesslike way supporting it where possible and fighting it where necessary.

As potential points of serious conflict between the coalition parties he named public spending, natural gas prices, income tax adjustments to allow for inflation and defence policy.

On public spending he noted that the CDA and D'66 were agreed that cuts of at least 4.5 billion guilders were necessary. Labour would not go as far partly because Labour's new floor leader Wim Meijer rejected some of the cuts and partly because Social Affairs Minister Joop den Uyl's employment-boosting plan had to be financed.

Major Conflicts

On natural gas Mr Wiegel said the previous government's plan to raise gas prices by 12 cents per cubic metre as from 1 January was low as it was. If reduced any further foreign buyers of Dutch gas whose prices were pegged to oil prices would start to play up.

Moreover, Finance Minister Fons van der Stee would demand compensation for any budget deficits caused by gas price cuts.

On income tax Mr Wiegel said D'66 wanted 100% compensation for the effects of inflation on sliding tax scales whereas Labour was not prepared to go beyond 80%.

On defence the opposition foresaw major conflicts because all three coalition parties had different standpoints, he said.

Mr Wiegel expected relations between his conservative Liberal party and the left-Liberal D'66 party to become smoother following Mr Jan Terlouw's replacement by Mr Laurens Brinkhorst as floor leader. 'I always got on well with him (Brinkhorst),' he said.

BRIEFS

POLL SHOWS D'66 GAINS--Hilversum, September 14--The Labour party would have lost three seats in parliament and the CDA two if elections had been held in the second half of August, according to a public opinion poll held in this period. But the D'66 party would have won four seats to return with 21 (17 at present) seats, according to the poll held by the Nipo institute for the Socialist Vara broadcasting corporation current affairs programme 'In the Red Cockerel.' The poll showed that Labour would have returned with 41 seats (44 at present) and the CDA party with 46 (48) seats. The Liberal VVD and Pacifist PSP parties would have won one seat each to increase their numbers of seats to 27 (26) and four (three) respectively, while the new right-wing RPF party would have lost one of its present three seats. The positions of all other parties would have remained unchanged. [Text] [The Hague ANP NEWS BULLETIN in English 14 Sep 81 p 2]

CSO: 3120/4

NSP TRIAL TAKES NEW TURN

Court Rules Erbakan Release

Istanbul CUMHURIYET in Turkish 25 Jul 81 pp 1, 9

[Text] CUMHURIYET BUREAU--At the end of yesterday's session of the NSP trial, taking place in the First Martial Law Court, release was ordered of NSP General Chairman Necmettin Erbakan and General Executive Board members Suleyman Arif Emre, Oguzhan Asilturk, Fehmi Cumalioglu, Sevket Kazan, Recai Kutan, Mustafa Yazgan, Tahir Buyukkorukcu, Temel Karamollaoglu and Ahmet Oguz. Thus no defendants in the NSP trial remain in detention.

Erbakan presented his defense at yesterday's session against the crimes associated with the tape recordings of speeches he made at the Canakkale, Intepe and Kocaeli rallies. Erbakan said that the Izmit transcript was filled with interruptions and 100 lines of it were unintelligible. His defense of the Intepe speech was as follows:

"The invitation which came to me requested that I address a meeting of Islamic youth coming from Saudi Arabia, Kuwait and Pakistan. So I was speaking to the people of these nations at this meeting. I do not know if delegates even came from Turkey.

"I see that words which I have never spoken appear in the transcript. For example, there is no such university as 'Baldiziye' in Pakistan. I may have told the youths of these Muslim nations whom I was primarily addressing, 'You accept Islam but cannot prevent cultural imperialism as contrary to it; in your schools, you still study materialism which is the basis of the philosophy of repudiation, and Durkheim philosophy.' What I said was a term that I used only to show that those Islamic nations were making their money into the tools of foreign nations, especially of the ambitions of the IMF and Zionism, and to stress that Turkey is an important nation and that they should send their money to Turkey, not to other exploitative nations."

Explaining that he might have told the Islamic youth of foreign nations at Intepe that as they could not come to 30 August, they should come to the Konya rally if they wished, as he would be attending also, Erbakan said, "However, we did not arrange the rally in Konya. The statement would have been, at most, expression of the idea of asking them to attend the rally because it was about Jerusalem, a sensitive problem at that time."

Erbakan also said that the tapes had no bearing legally, and therefore could not be used as evidence. "Nevertheless, even if we accepted the whole of these tapes as integral, it is impossible to find in any one of them any expression aimed at destroying the secular order of the state," he said.

Then, following defendant Temel Karamollaoglu's defense against charges that speeches he made at the Sivas rally violated TPC [Turkish Penal Code] article 163/1, trial was recessed until afternoon.

Prosecutor's Argument

When trial resumed, the defense attorneys petitioned for the release of their clients, arguing that they had not committed the crimes defined in TPC articles 163 and 164. The military prosecutor asked in his argument that the defendants remain in detention.

The judicial committee declared that all evidence in the case had been gathered and there was no situation requiring detention of the defendants. It ordered the release of NSP General Chairman Necmettin Erbakan and General Executive Board members Suleyman Arif Emre, Oguzhan Asilturk, Fehmi Cumalioglu, Sevket Kazan, Recai Kutan, Mustafa Yazgan, Tahir Buyukkorukcu, Temel Karamollaoglu and Ahmet Oguz. It was ordered in this connection that if Erbakan and his nine colleagues were not under detention for any other crime, a memorandum should be forwarded to the office of the military prosecutor on their release. The release order was a majority opinion, with President Kayahan Ozden dissenting.

During reading of the release order, spectators in the courtroom shouted, "God bless you." Judicial committee President Kayahan Ozden reprimanded the spectators for this outburst, saying, "This is not a demonstration." The release order moved some of the defendants to tears, whether under detention or not. None of the 34 defendants in the NSP trial now remains in detention. Trial was adjourned until a future date.

Released

The defendants ordered released by the First Military Court except Erbakan, Buyukkorukcu and Oguz were released at 2230 hours from the Military Language and Intelligence School. Erbakan, Buyukkorukcu and Oguz reportedly are the subject of a second arrest order for another crime issued by the Ankara Martial Law Command and the Konya Magistrate Criminal Court. However, this arrest order is expected to be revoked today.

NSP General Chairman Necmettin Erbakan and 33 of his colleagues are being tried on charges of antiseccular activities, anti-Ataturkism, defiance of the assembly and demonstrations law and publicly scorning the commission of a crime. A sentence of 14-36 years' imprisonment is requested for Erbakan.

Court Transcript Quoted

Istanbul CUMHURİYET in Turkish 26 Jul 81 pp 1, 9

[Text] Ankara (CUMHURİYET BUREAU)--Release has been ordered of NSP General Chairman Erbakan and General Executive Board members Suleyman Arif Emre, Oguzhan Asilturk, Fehmi Cumalioglu, Sevkett Kazan, Recai Kutan, Mustafa Yazgan, Tahir Buyukkorukcu, Temel Karamollaoglu and Ahmet Oguz, all of whom were being held during trial in the NSP trial at the First Martial Law Court.

At the latest session of the trial at which the order was given releasing NSP General Chairman Necmettin Erbakan and his nine colleagues, Erbakan said that the tapes of speeches he had made at various places were not legal and could not be used as evidence against him.

The session at which the release order was given concerning Erbakan and his nine colleagues proceeded as follows according to the court transcript:

"Defendants and their attorneys were asked individually for comments on the speech texts, transcripts and reports and the letters found in the search of the Konya Raiders, Seker Chapter, contained in files 4 and 5 which were read at the prior session.

"Defendant Necmettin Erbakan: The contents of file 4 are transcripts compiled at the office of the attorney-general in connection with 37 tape-recorded speeches made at various locations over the past 8 years. By First Council order, parliamentarians may not be held responsible for speeches made either in the Assembly or outside the Assembly. The same rule occurs in articles 79 and 87 of the Constitution, and the Council order is intended to uphold this. In addition to the principle that parliamentarians are not answerable for speeches made either in the Assembly or outside the Assembly, this same Council order introduces the provision that if no such dossier had been compiled on any parliamentarian prior to 12 September, such a dossier could not be compiled after 12 September. Case was dismissed in connection with the Izmir speech which, for example, was the topic of investigation despite there being no dossier in connection with the speeches in the aforementioned file. The provisions of Law No 648 prohibit investigation of such speech texts. In accordance with article 111, paragraph 2 of this law, the statute of limitations on speeches of this type expires after 2 years. It is impossible from this standpoint to prosecute in any way on the basis of these speeches which are from 8 years ago. Even if there were guilt, it is still clear that there could be no prosecution because of these speeches, on which the statute of limitations has run out, owing to the amnesty law. Besides, these tape transcripts do not appear in the indictment and prosecution is not based on any of them. Moreover, none of the restored tapes is clear. As the tapes were not made in keeping with established practice, they do not constitute evidence. The Constitutional Court and the Supreme Court of Military Appeals have ruled that this kind of tapes cannot be evidence. It is clear from the court rulings that tapes made by security officers and especially ones made by the National Intelligence Organization, as well as transcripts made of them, have no legal value. Besides, none of these transcripts was recorded by qualified personnel and neither were the transcripts made by qualified personnel. If we may take the tape of the speech made in Izmir as an example, 400 lines of it are unintelligible. There

are omissions in 83 locations. Many words are written wrong and the meaning is completely lost and distorted by writing words which do not belong to us. I shall present to the court in writing our comments in connection with the tapes in file 4."

Other Speeches Rejected Also

Erbakan also rejected the Canakkale, Intepe and Kocaeli speeches presented to the court as evidence and said that the speech he made in Intepe had no connection with the action described in TPC 163. Trial continued as follows, according to the court transcript:

"Defendant Necmettin Erbakan was asked for what purpose the transcripts made by various officials of many speeches given at various locations in Turkey would have been distorted or deliberately edited.

"Defendant Necmettin Erbakan said, 'What is of primary importance is that the tape should be sound and should be made in accordance with the law, and we say that because none of them was made in adherence to this requisite, they are unlawful to start with and, for this reason, can possess no quality of evidence as required. Nevertheless, even if we accepted the whole of these tapes as integral, it is impossible to find in any one of them any expression aimed at destroying the secular order of the state.'"

Suleyman Arif Emre, Oguzhan Asilturk, Ali Oguz, Ahmet Remzi Hatip and the other NSP defendants stated that they shared Erbakan's views.

Sivas Rally

Then Temel Karamollaoglu, in his defense concerning the rally held 31 May 1980 in Sivas, said that there was no reliable document or statement to the effect that actions occurred at this rally in violation of TPC 163/1 or Law No 171 pertaining to assembly and demonstrations.

In the afternoon session, the NSP defendants were shown photographs from the Konya rally and their defense was presented. The defense presented by the defendants and their attorneys was as follows:

"Defendant Necmettin Erbakan: 'We examined these photographs earlier. Even though there are pictures of myself and certain other defendants in some of them, there is no indication in these photographs that we committed any crime. However, even though there are pictures to the effect that a group of people violated the law during this rally, they had no connection with us. From our standpoint, there is no reason for placing them in the dossier. They are the concern only of the Konya Security Director.'

"Defendant Sener Battal: 'We shall present our defense later on indicating that these photographs you have exhibited do not constitute legal evidence.'"

Defense Attorneys

"Defense attorney Idris Arikan: 'As will be understood from examination of these pictures, it is seen that a game of odds is being played in these photographs which were shown on TV and published in the press immediately after the rally. And, although the placard bearing the words "Lailahe Illallah" in old script on a dark ground immediately behind the group in which defendant Erbakan and his colleagues were marching has been shown immediately behind this group, it is understood from examination of these photographs that the placard is not immediately behind this group, but at least 100 meters farther back. The appearance in religious dress and carrying prayer beads of certain persons in the crowd during the rally cannot implicate our clients, because public suit was brought against certain persons who committed such crimes, these persons were arrested and were later released.'"

The report on page 166 of the file about the rally in Konya on 6 September 1980 was read.

The defendants and their attorneys were asked to comment on the report.

"Defendant Sevket Kazan: 'It is not clear how, by whom or when this report was written. From this standpoint, it does not constitute evidence. There is a report on the same rally held by the superintendent of police of the government and shown in file 6. We will discuss that report when that report is read, but we do not accept this report because it has no credentials. The placards in question are placards which were banned and were taken away from those who were carrying them by the planning committee and other officers when they saw them, because they constituted a crime, and they were placed in a room rented by the planning committee. However, it was determined by the government superintendent of police in file 6 what the slogans and placards originally associated with the rally were.'"

The NSP defense concerning the Fetih rally in Sivas was as follows:

"Defendant Necmettin Erbakan: 'Dismissal was ruled in the case of the speeches concerned with the Fetih rally on 21 May 1981 in Sivas which we have read and this dismissal ruling was presented to the court as appended to a petition of defense which we submitted earlier. I do not know what page of the proceedings is concerned with slogans and placards.'"

"Defendant Temel Karamollaoglu: 'In the case dossier on Sivas, there is a police docket on certain slogans which were written on the walls. I know this. However, I have recently learned of the existence there also of an entry indicating the content of the placards carried and the slogans written and chanted on the occasion of this rally. Placards outside our control may be carried by certain persons at such an important and crowded meeting as this. And a lot of slogans may be chanted. It is the job of the security officers to prohibit them. I did not write anything on the walls as a member of the Planning Committee. I did not see who did, and I did not give anyone whatsoever instructions in this regard.'"

NSP Grand Congress

Suleyman Arif Emre presented the following defense in connection with the NSP grand congress held on 14 October 1978 at the Ankara Ataturk Sports Palace:

"It was communicated to us both by the press and through other channels that some letters had been written and certain properties destroyed after the congress which the NSP held at the Ataturk Sports Hall on 15 October 1978, and we, as the party, immediately notified the Ankara Prosecutor's Office that the necessary legal procedures should be undertaken concerning the people who committed those crimes and we requested that we be informed of their names in order that the necessary action might be taken concerning these persons from the standpoint of our party. There are examples of the correspondence on this matter at our party headquarters. They may be obtained upon request from our caretaker. Moreover, records of the investigation conducted by the Ankara Prosecutor's Office concerning the perpetrators of this incident were sent to the Office of the Martial Law Military Prosecutor, which ruled exemption of the dossier and nonjurisdiction by the decision appearing on page 290 of file 5. We do not know who performed the actions carried out at this congress."

Asilturk's Petition for Release

The defendants then petitioned for their release. Oguzhan Asilturk's petition for release was as follows:

"Upon our failure to be detained by the judge to whom we were sent for detention after 12 September, we were detained as the result of an objection which the military prosecutor filed on the basis of future investigation, citing the thought that he would investigate whether there was any armed action by any political association and whether our actions might come under TPC 149. All of the evidence is present in the dossiers in our court. We have long since said what we are going to say about them. Although it is necessary that the procedure concerning 27 defendants be the same in respect of their duties in the party, some of us have been released for certain reasons, while the release has been rejected of other defendants who bear the same causes and capacities. I, myself, have been in prison almost 3 months longer than other defendants. I request rectification of this injustice and that I be ordered released."

Ruling

While issuing certain rulings at the close of the session to the effect that necessary procedures should be undertaken for extension of the investigation, the judicial committee announced as follows its ruling on release:

"As the evidence has been gathered, the order is given for the writing of a memorandum to the office of the prosecutor for the release of all of the detained defendants, and for their immediate release if they have not been detained for or convicted of other crimes,

"For this reason, the order is given for adjournment of trial until 0930 hours on 28 August 1981 by unanimous vote in articles 1-8 of the interim ruling and for release of the defendants in article 10 by majority vote with President Kayhan Ozden dissenting."

BRIEFS

SCIENTIST POSITIONS' FUNDS BUDGETED--Funds for 1,700 new research and ITA (engineers, technicians, and administration) positions will be included in the 1982 budget. This statement was made on Tuesday, 1 September, by Mr Jean-Paul Chevenement, minister of research and technology. Of these 1,700 positions, 300 will not be assigned immediately, but will make up an interministerial reserve group. There had been 625 new jobs created by the 1981 finance law, and as many in the extra budget credits adopted by the Parliament in July. The research fund, which includes most public expenditures of the nation, will grow by approximately 30 percent, according to the minister. This should bring the minister's research budget to the level of 25.5 billion francs, with the additional program allocations and operating expenses. But the net increase in credits for payment is not significant, and this fact worries the directors of some research bodies. (Program allocations are the expenditures that laboratories are allowed to make and spread out over several years. Credits for payment are the sums that may be spent in the calendar year of 1982. Operating expenses refer almost entirely to salaries.) The budgetary increase is largely aimed at increasing laboratory staffs: the minister feels that a prolonged catching up effort, stretched over several years, is needed in this area. [Text] [Paris LE MONDE in French 2 Sep 81 p 34] 9802

FOREIGN WORKERS TO BE DOCUMENTED--Registration programs for immigrant workers without papers will begin on Monday, 31 August, said Mr Francois Autain, who, as state secretary of the ministry of national solidarity, heads the office of immigrant affairs. Completed registration forms must be filed at the special booths opened in police stations, municipal buildings, and provincial and district seats of residence. An "acknowledgement of receipt" of the initial request for a visa, or for a certificate of residency in the case of Algerians, will be delivered. It is valid for 3 months. This registration, which was announced in a circular on 11 August, should affect some 300,000 foreigners who entered France before 1 January 1981 and who can prove themselves to be stably employed. Employers will be required to undertake work contracts of 1 year in length with any workers who hold jobs illegally, and declare them to the Social Security system before 31 December 1981. Mr Autain emphasized that after this date operations aimed at reducing the number of illegal workers will be intensified. In turn, the Force Ouvriere [Workers Force FO] requested on Wednesday that its organizations limit themselves to the role of information centers, aiding applicants to complete the necessary forms, since the union's role should not infringe on administrative responsibilities. The FO also noted that centers exist which offer the clandestine worker the alternative of legal registration for a fee, and information about the risk attached to being affiliated with certain organizations. [Text] [Paris LE MONDE in French 28 Aug 81 p 19] 9802

MITSOTAKIS ADDRESSES UN ON WORLD, CYPRUS ISSUES

NC290124 Athens Domestic Service in Greek 2200 GMT 28 Sep 81

[Text] Addressing the UN General Assembly tonight, Foreign Minister Mitsotakis explained the Greek stand on the major international problems and on the Cyprus issue. He referred to the Middle East problem, the Iran-Iraq war, the Afghan crisis and the Namibia question.

About the Cyprus problem, he said the situation has not changed in the last 12 months because a considerable part of the Republic of Cyprus is still under Turkish occupation. He also spoke about the drama of the refugees and the 2000 Greek Cypriots who have been missing since the Turkish invasion.

On the subject of the intercommunal talks, he said that some progress has been made with the submission of the Turkish Cypriot proposals which, however, cannot be considered as a substantive contribution to the success of the dialogue.

Mr Mitsotakis also said that the Cyprus Government, despite its justifiable disappointment, presented reasonable proposals in connection with the constitutional aspect, envisaging a united state within which both the Greek and the Turkish Cypriot communities would be able to live harmoniously and to enjoy equal rights.

Mr Mitsotakis added: The Greek Government is willing to support any Cyprus solution that is in agreement with the principles of the UN Charter, the General Assembly resolutions and the true interests of the two communities. The foreign minister pointed out that if the United Nations fails to enforce justice in the case of Cyprus, it will be failing in a fundamental duty. He concluded: It is time for justice and reason to prevail.

CSO: 4621/7

ADANA GOVERNOR ADDRESSES KEY AREA CONCERNS

Adana YENI ADANA in Turkish 17 Jul 81 pp 1, 2

[Text] Adana Governor Hayri Kozakcioglu, at a press conference held in his office yesterday, spoke of a variety of the province's problems and announced the measures being taken. Various topics from tourism investments to the housing problem, from health services to price control were discussed. Governor Kozakcioglu said, "Ensuring price control and lower prices in Adana requires the establishment of a regulatory agency in the economy, that is, widespread regulated sales. The work of the Centennial Civil Service Home Building Cooperative will be stepped up."

Receiving information and suggestions on problems from members of the press, Adana Governor Kozakcioglu also made announcements on various topics. He said the following in part:

"The state hospital is truly inadequate. And it is getting worse as the number of patients is steadily growing. There is a shortage of doctors at the state hospital as the result of poor management. Two floors of the maternity ward stand vacant for the same reason. There is no billing and collection procedure, making price control impossible. A regulatory agency should be set up in the economy, that is, regulated sales should be made widespread.

"The Centennial Home Building Cooperative that we established in Adana for the civil servants who do not own a house will take advantage of the new Housing Law and its work will be further stepped up. In this way, our civil servants who do not own a house and who are members of the cooperative will be able to work toward being home owners as soon as possible. The cooperative's executive board has been raised to seven. The Provincial Special Administration will also be a partner in the cooperative. The cooperative will also take advantage of the know-how of technical elements who are members."

Tourism Priority

Answering questions on this topic, the Adana governor said, "Our province has not to date been exploited as a 'priority tourist region' by the Ministry of Tourism. This year for the first time, physical planning will be conducted for Karatus and Yumurtalik by the ministry. This coastline is practically virgin, sitting idle. From this standpoint, thanks to the physical planning, there will be further

planning for investments and tourist establishments on the Karatus and Yumurtalik beaches."

Governor Kozakcioglu added that Turkish Airlines would improve Adana Airport for passenger traffic to Incirlik, that passenger facilities would be added and more buses and trucks would be allocated.

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CSO: 4654/136

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19. Oct 1981